FOREIGN AFFAIRS

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CHINA'S BIG CHILL — WINSTON LORD

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China and America: Beyond the Big Chill *Winston Lord* 1
The European Community and 1992 *Stanley Hoffmann* 27
The End of French Exceptionalism . . . . . *Claude Imbert* 48
The Europe of 1992 . . . . . *Giovanni Agnelli* 61
Redefining Europe and the Atlantic Link
Robert D. Hormats 71
Gorbachev's Nationalities Problem . . . . *Gail W. Lapidus* 92
Israel and the Palestinians . . . . . *Gidon Gottlieb* 109
Brazil on the Tightrope Toward Democracy
Juan de Onis 127
Southern Africa: Eight Years Later . . . *Chester A. Crocker* 144
The Coming of the Second World War . . . . *John Lukacs* 165
The Nazi-Soviet Pacts: A Half-Century Later
Gerhard L. Weinberg 175
Commentary: The Cuban Missile Crisis . . . . *Ray S. Cline* 190
Recent Books on International Relations 197
Source Material 219

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Winston Lord

CHINA AND AMERICA: BEYOND THE BIG CHILL

The Big Chill has descended over China. Sino-American relations are suffering. While we assess the ramifications, we must also look beyond the crisis and sketch blueprints for a warmer climate, for the present season will not long endure.

Over two decades five American administrations, of both parties, have pursued positive relations with Beijing. They have done so without illusions and with a firm grasp of the strategic and bilateral stakes. Only a small minority of Americans has opposed cooperation and they now point to recent events as vindication of their views. They have it exactly wrong. Not only has the United States derived enormous benefits from this relationship, but in the process it has encouraged and strengthened the very forces for greater openness and freedom in China that shone so brightly last April and May.

The fabric of our ties has shown impressive sturdiness since we first reopened the door in 1971. Both nations have weathered political earthquakes and tremors. Successive leaders in China and America, who have deeply disagreed among themselves on other issues, have all agreed it is in the national interest to expand bilateral bonds.

Naturally there have been plateaus and detours during our journey. Now we are circling back as we confront the most treacherous terrain yet. It is to President Bush's great credit that he has sought to keep our longer-term interests in view even as we register our revulsion, as we must, at the sorry spectacle unfolding on the mainland.

II

Let me begin on a personal note of profound sadness, for the tragedy inflicted on the Chinese people, for the dimming of Deng Xiaoping's vision in the twilight of his remarkable

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Winston Lord served as U.S. Ambassador to China from November 1985 until April 1989. He was President of the Council on Foreign Relations, 1977–85, and Director of the State Department's Policy Planning Staff, 1973–77.

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odyssey, for the necessity to address these issues. I do so with the anguish both of a professional who has for 20 years promoted Sino-American relations and as a friend of China's leaders.

I subscribe to the virtue of sticking by old friends, especially when they are in difficulty, as the Chinese did, for example, with President Nixon and Prime Minister Kakuei Tanaka of Japan. I have greatly admired the courageous, historic achievements of Deng and his associates. While I consider the encouragement of human rights an important dimension of our foreign policy, I also weigh heavily the geopolitical and economic factors. As a former ambassador and holding many professional and personal ties to the Chinese, my strong natural impulse is to refrain from commenting on China's internal difficulties.

Nevertheless I have spoken out strongly against the actions of the Chinese regime since the spring, as it proceeded from intransigence to massacre, from roundups to executions and repression, all cloaked in a most brazen display of the Big Lie. My condemnation has been harsh because I am appalled at what the Chinese government has done and continues to do—this is not merely scandal or corruption. I believe that especially those of us who have worked for Sino-American relations need to speak to—and for—the vast legions of the Chinese people, including not only those who are purged, vilified and silenced, but also those in leading positions who once more must swallow their convictions and regurgitate the current party line. Surely these "old friends" deserve our loyalty more than the handful of those responsible for crushing Chinese spirits. I am persuaded that in the relatively near future there will once again be a Chinese regime composed of people with whom we can resume the forward march in our relationship.

III

The most cold-blooded observer would have difficulty justifying the Chinese government's policies since June. If the students and their broad phalanx of supporters had used violence or set out to overthrow the party, one could have understood a firm response. But for weeks the Chinese people displayed truly extraordinary moderation, discipline and goodwill.

In Beijing and other cities throughout the nation, huge numbers demonstrated daily without causing a single death or committing an act of violence. The authorities, whether by

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design or paralysis, also showed great restraint. Those on the streets chose the only avenues of expression open to them. They wished to work within the system, seeking gradual reform in the context of communist rule, indeed promoting the very goals the party had proclaimed. They petitioned for rights set forth in the Chinese constitution. At the beginning no one attacked the leadership or called for Western-style democracy. For weeks the students' platform boiled down to two concrete requests: an acknowledgment that the demonstrators were patriotic and a dialogue between genuine student leaders and the political leaders.

Meeting these two requests, as then Party Secretary Zhao Ziyang and many other leading figures were willing to do, would have defused the crisis. It would also have ushered in a new, hopeful chapter for China. There could have followed serious attacks on corruption, a freer press, the initiation of genuine exchanges between the authorities and the intellectual elites who were prepared, as always in Chinese history, to serve their nation. The inevitable transition pains of moving from one economic system to another could have been better understood and tolerated by the people. Possible solutions to complex issues could have been better aired in the media and among the elites. There could have evolved a greater sense of participation in decisions by the urban population. And all could have felt a greater sense of party accountability.

Instead, a few elders—fearing chaos or at least a slippery slope toward a Chinese "Solidarity" movement, defining stability as the suppression of dissent instead of gradual reform, clinging to power above all—chose to squash the peaceful demonstration, to "kill chickens to scare monkeys" and to haul China back 20 years to terror and Orwellian groupthink. There have been sickening replays of the Anti-Rightist Campaign and the Cultural Revolution: wholesale fabrications; exhortations to turn on one's fellow citizens; brainwashing in schools, offices and factories; widespread fear of speaking one's mind; and—somewhat scaled down—the cult of personality, studying the chairman's thoughts and blaming troubles on outside influence.

In response to foreign condemnation, Beijing has started masking its reprisals. Executions and arrests are no longer trumpeted; foreign journalists are expelled; contacts for foreigners are frozen; the glare of the world's attention is all but extinguished. The regime strives to present a more benign face to the world through a controlled press, endless reiteration of

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lies and distortions and seizing upon technical errors in foreign reporting. Unfortunately, this has some effect in certain Western quarters. But for countless Chinese the nightmare of interrogations, harassment, arrests, disappearances and indoctrination continues. The summer's events may not be as bloody as those in early June, but their range is wider, their effect more insidious.

This is all the more tragic for having been unnecessary. The regime could have maintained, indeed enhanced, its authority and legitimacy through rather modest conciliatory gestures. Instead, an ossified leadership proved incapable of comprehending and adjusting to the social and political changes its own economic reforms had generated. As a result, it has lost the "mandate of heaven" and radicalized some of the opposition. Former President Nixon—architect of the opening to China, a close friend of the Chinese leaders and no sentimentalist—described the crackdown as not only "shockingly cruel" but also "incredibly stupid."

As of this writing the regime's grip seems firm. But, as is seen so often in China and recently in other totalitarian states, the surface does not necessarily reflect reality. This spring's movement was spontaneous and sweeping in its scope. It will be recorded as a major event in Chinese history. In cities throughout China not only students, workers and ordinary citizens, but party and government officials, leading journalists, top think-tankers and innovative entrepreneurs joined in. These forces are the political cutting edge of China and precisely those sectors most crucial for reforms and the opening. The Chinese leadership cannot round up and shut up these people and at the same time hope to modernize the nation and obtain foreign assistance. The urban population may be temporarily cowed, but people are angry, sullen and ready to turn to more enlightened leaders in the future.

Furthermore, there are clear splits within the political leadership itself. Not only those who have been purged but many still holding official positions would have strongly preferred conciliation to crackdown. Important elements of the Chinese military also spoke out against martial law and refused to move against the demonstrators. Some fell into line only out of personal loyalty to Deng. Many officers resented being dragged from their march toward professionalism back into politics; many harbor shame over the role of the People's Liberation Army (PLA) in the June massacre.

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Economic pressures on the regime will intensify. Before this spring there were already serious problems: an overheated economy, inflation, unemployment, bottlenecks in energy, raw materials and transportation, and income disparities. Rampant nepotism and corruption were souring the populace. All of this has now been compounded by the dislocation of recent months and the prospect of a more resentful, inefficient work force, spending long hours in sterile political sessions. Subsidies will be needed to keep urban workers and peasants quiet; in a nonproductive economy this will boost inflation even higher. We will see the stifling of initiative and the increased bucking of decisions to the top; normally cautious bureaucrats will be even more fearful of making politically incorrect decisions. Dealing with foreigners is riskier than ever. Key economic thinkers and actors have fled or are intimidated.

The crucial assistance provided by the outside world is being erased in reaction to what the communiqué of the recent economic summit in Paris referred to as China's "violent repression." Government actions by the United States, Europe, Japan and others are suspending military cooperation and slowing economic assistance, technology transfers and investment. International financial institutions are postponing badly needed loans. There has been a severe impact on the psyches as well as the wallets of Hong Kong, Taiwan and South Korea. Most important are the thousands of decisions by private individuals around the world—businessmen cancelling or stretching out trade and investment projects; intellectuals freezing scientific, cultural and academic exchanges; tourists staying away from China in droves; and Chinese students, scientists and scholars refusing to return to their homeland. China's balance-of-payments position will be extremely shaky as key sources of foreign exchange dwindle sharply—exports, foreign investment, tourism and loans.

In a few brief months the Chinese leaders have lost the respect, confidence and credibility they had garnered during the past decade. Their assurances on a whole range of issues will not be as readily accepted. They have squandered their special standing in world affairs. They have shaken the view that China's entry into the international economic, security and intellectual systems should be encouraged and facilitated.

All these forces will build against the strange and fragile coalition in Beijing, consisting of central actors whose age will soon sweep them from the stage, elder gurus who resist both

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reforms and outside influence, opportunistic figureheads and closet moderates.

IV

The best way to understand the reality in China today is to turn the official line upside down. For "the situation is stable" read the situation is precarious. For "broad consensus" substitute fierce disagreement. For "the people love the army" understand that the people hate the army units engaged in the suppression. "A small band" means massive numbers and "hooligans and ruffians" translates into law-abiding citizens from all walks of life. When a handful of people are shown on television turning in their neighbors to the authorities, millions of others are refusing to do so or are helping the hunted escape. When Chinese are shown earnestly studying the chairman's speeches, they are really numb with boredom and cynicism. The authorities vigorously proclaim the continuation of reforms and opening to the outside world. The reality is that ten years of heartening progress has been shattered in a few weeks, and China's drive for modernization has been dealt savage body blows that will take years to heal.

No one can predict how the Chinese panorama will unreel in the near term. Much depends on the sequence in which key aging leaders depart. The current discredited regime is clearly a transitional one. It is not clear how fully it can extend its writ to all corners of China, especially in the south near Hong Kong. There may be some interim shuffling of the political deck among hard-line coalitions. There will probably be future power struggles. It is at least possible that, echoing Chinese history, central authority will disintegrate and some form of regionalism will take hold.

But we can be confident that, however grim the interlude, a more enlightened leadership will emerge within a few years. And we can be absolutely sure that when that day comes, the official Chinese line will manage to rewrite history once again.[1] Next time it will approximate the truth. The true criminals and the true martyrs will then be recognized in party pronouncements—as they are already known by Chinese urban dwellers and people around the world.

In short, what we see in China today is not what we will see

[1] In 1978 Deng himself insisted that the 1976 Tiananmen Square demonstrations supporting him be redefined as a popular uprising rather than as a counterrevolution.

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within a few years. As the British historian R. H. Tawney noted in 1931: "Political forces in China recall Chinese rivers. The pressure on the dam is enormous but unseen, and it is not till it bursts that the strain is realized."

It may well turn out that the tragic events in China this year have foreshortened that great nation's march toward democracy. The forecast had been for gradual, spasmodic progress toward a freer society, impelled by the demands of a more market-oriented economy and growing interaction with the world. Now, after experiencing the giddy liberating weeks of last spring that preceded the great leap backward, the Chinese people may not settle for incremental advance.

Once the hard-liners leave, we may see a more determined move toward pluralism and openness. To be sure, China will not become like a Western democracy. Like the Soviet Union and Eastern Europe it will face a perilous transition from one system to another. But by the end of the century the Chinese may well enjoy a freer press, a more highly developed legal system and a more open political process than would have been the case without the dark phase now being endured.

As the current leaders themselves have said, the agony of the Cultural Revolution made possible the decade of reform. It became clear that pragmatism and international cooperation had to replace ideological frenzy and xenophobia. Chairman Deng, who together with his family was a victim of that madness, boldly led his nation on a new path. He himself repeatedly proclaimed the need for younger people to take over for the next phase of China's Long March. Sadly, he did not see this mission through. Had he succeeded, his historic legacy would not have been sullied by recent events.

The current agony, like the Cultural Revolution, may well propel China forward again. It is clear that political reform must accompany economic reform. We now know that it is too much to expect the octogenarians to lead the country to new frontiers. It will require the fresh vision and flexibility of a younger generation.

V

What of the Big Chill's effect on relations with the United States? Certainly we are experiencing the most serious setback since 1971. American global diplomacy will be hampered, significantly in some areas. Many bilateral edifices, painstakingly constructed, have been torn down or left uncompleted.

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But since our mutual long-term interests remain and the bilateral foundations we have laid are broad, I believe the relationship will weather the shocks.

Prudence, however, requires a careful assessment of the damage. On the international front, Moscow has predictably sought to make gains at Washington's expense by adopting a restrained attitude toward China's brutal repression. On the heels of the May Sino-Soviet summit in Beijing, Mikhail Gorbachev has been deliberately currying favor with Chinese leaders, encouraging them to compare his "understanding" with the attitudes of the moralistic, meddlesome West, in particular the United States.

The Middle Kingdom's prickly leaders are calibrating the tone of their relations with various countries according to their rhetorical and policy stances. Some key Chinese figures remain more comfortable with central planning than with market forces. Beijing may seek to unnerve the West by suggesting further movement toward Moscow. We will probably see more Sino-Soviet meetings, trade and exchanges, additional progress on their border negotiations and increased consultation on regional conflicts.

Such developments are not cost free, but neither should they be cause for undue concern. The same underlying limits to Sino-Soviet rapprochement that existed before the Gorbachev-Deng meeting will remain. The 4,500-mile Sino-Soviet border—the site of past clashes and restless, overlapping ethnic minorities—will not disappear. The Pacific Ocean that reassuringly separates China and America will not shrink.

Chinese authorities may be very adept at rewriting history but they will not blot out tsarist territorial grabs or Soviet perfidies. Under Gorbachev, direct threats and tensions have eased. But the long-term geopolitical pressures of neighboring Soviet proxies and friends in Vietnam, Afghanistan, India, Mongolia and North Korea will persist. Finally, Beijing's overwhelming preoccupation well into the next century will be economic development and modernization. Only the United States, Europe and Japan can provide the capital, technology, markets and managerial savvy that China urgently requires. The Soviet Union's disastrous economy, lagging technology and limited barter trade provide no alternatives.

Chinese leaders, of whatever stripe on domestic issues, are united in their basic world orientation. However intense their irritation with Washington, they will continue to take the long-

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range view toward security and development. The PLA is particularly suspicious of the Soviet Union; it will look forward to resuming cooperation with the United States and Western Europe. Beijing will not wish to further jeopardize Western cash and computers by excessive flirtation with Moscow.

It is to the carefully built process of consultation on international issues that Washington's current estrangement from Beijing causes the most serious political damage. In recent years both countries have striven hard to broaden the scope of discussions, and both have reaped substantial dividends. America and China kept each other posted on their developing ties with the Soviet Union. Beijing provided constant reassurance, and Washington reflected Chinese (as well as Japanese and Korean) views in its final position on the Intermediate-range Nuclear Forces Treaty with Moscow, eliminating intermediate missiles in Asia as well as Europe. Due to America's energetic representations, China ceased sending Silkworm missiles to Iran and instilled confidence that it would not ship intermediate ballistic missiles to others after its one-time deal with Saudi Arabia.

For several years China has been shifting toward a responsible stance on nuclear nonproliferation. Despite significant commercial complexities, the United States agreed to launch American satellites on Chinese rockets. Both countries cooperated very closely on evicting Soviet troops from Afghanistan. The Chinese moved somewhat toward the U.S. position that the Khmer Rouge be prevented from regaining power in Cambodia. They facilitated direct dialogue between the United States and North Korea in Beijing and forged commercial links with South Korea. For the first time in a century, Tokyo, Beijing and Washington have all enjoyed cordial relations with one another. At the United Nations, Chinese representatives were more cooperative on issues ranging from the Gulf war to Namibia. The Chinese showed restraint on Central America. They cultivated ties with Israel.

Clearly Beijing made these various moves for its own reasons. Just as clearly, our exchanges at all levels have paid off in greater mutual understanding and some adjustments in our respective positions.

While the chill in our relations continues, we will lose the benefits of this process. Our direct influence on Chinese policies will shrivel. The pursuit of some of our international objectives will be more arduous. Problems on which we already

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have differences could become more acute and the tone of discourse could become nastier.

Nevertheless Beijing will, as always, conduct an independent foreign policy based on hardheaded calculations. It will not alter its approach on key issues to spite the United States. The degree of Chinese warmth toward Moscow and Washington may shift—but not the fundamental geopolitical equations. History and geography will not change.

Meanwhile, our two countries will continue to pursue compatible policies on certain issues, but generally in parallel, not in concert. They will result from independent assessments of respective national interests, not from steady consultations and mutual education.

In the military sphere all sales, technology transfers, visits and exchanges are halted in their tracks. While some economic, commercial and scientific exchanges continue, they decline sharply as trips and programs are cancelled or postponed. The suspension of all high-level government contacts aborts new official initiatives.

Moreover, the great bulk of these activities are conducted in the private sector. Based on both practical and moral grounds, thousands of individual decisions every week are wiping out or stretching out trade deals, investment and scientific plans. In the cultural and academic areas, from ballet companies to art exhibits, from journalistic exchanges to student exchanges, a host of promising projects are dying or placed in cold storage.

VI

Such are the by-products—costly to both sides—of the Chinese authorities' actions. The Bush Administration was given no choice but to express national outrage and halt cooperation in various fields. American values and practical considerations dictated this response. Public opinion was rightly incensed through television exposure, and the views of key allies matched our own. It was also important—a point not widely noticed—to paint a precedent to advise Moscow, as it fashions its own responses to the Soviet internal stresses.

At the same time the administration has wisely chosen to suspend rather than dismantle relationships. For a decade we have spun an impressive web of legislation, umbrella agreements and consultative mechanisms under which a broad range of visits and projects go forward. While many of these activities are frozen, the frameworks remain. Cabinet secretaries do not

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travel to Beijing but joint commissions remain intact, pending resumption of efforts to increase trade and investment. Specific scientific programs are temporarily shelved but the basic protocols remain valid. Cultural and academic exchanges are canceled but the broad bilateral agreements are preserved for a more auspicious climate. One day we will once again learn from each other.

This is a difficult period for government and private decision-makers alike. There is no clear road map as we feel our way through an ambiguous passage. We cannot practice business as usual; nor do we wish to destroy all the structures in place. We do not seek to hurt the Chinese people, but we also do not want to hand the leaders photo-opportunities depicting normalcy.

In this context it is difficult to generalize; an ad hoc approach is unavoidable. We face a period of sanctions, holding actions, carrots and sticks and damage limitation. If a Stalinist-type regime persists over time, we will have no choice but to hunker down and wait it out as best we can. It is certainly appropriate to cease cooperation in areas that carry strong symbolism, such as the military. This holds as well for those commercial or scientific projects that benefit the Chinese more than us or in cases where we have solid alternatives.

Many areas, however, pose complex choices. We cannot expect American businesses to write off years of hard work and hard cash when they are playing for the long run in any event. If, in principle, the U.S. government forgoes extending special help to its private sector's efforts in China, what if foreign competitors were to exploit this restraint to their advantage?

Moreover, it is not simply a matter of our policies but also the practical results of Chinese policies. In general, I would like to see academic and cultural ties maintained. But how can there be productive conferences with Chinese intellectuals when they are not free to express their real views? If Washington seeks to continue bringing future Chinese leaders to the United States under auspices like the immensely successful International Visitors Program of the U.S. Information Agency, will Beijing let them come? Should American scholars, such as those in the Fulbright program, continue to go to China, even if their access will be severely curtailed? Should cultural groups convey American art to eager Chinese audiences when they will be exploited by the Chinese media?

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The United States cannot fully restore ties with China until those responsible for the June debacle and its aftermath are no longer at the helm. In the meantime we face the practical question of how to conduct policy. The ingredients of U.S. policy should depend on the actions of the Beijing regime. It is impossible as well as unwise to draw up rigid standards or precise calibrations between actions by China and moves by the United States. Let me nevertheless sketch some criteria to guide U.S. policy. Here are some suggestions of steps by the Chinese authorities that might invite positive responses:

—lifting martial law in Beijing and Tibet;
—cessation and rollback of the imprisonment, persecution and execution of the peaceful demonstrators and their supporters;
—conciliatory gestures, tolerance of debate and genuine dialogue with the disaffected;
—termination of the ideological campaigns against foreign ideas;
—reopening of access to foreign media, including the Voice of America;
—revival of foreign exchanges of students and others;
—resumption of the commitment to economic and political reform;
—restoration of a climate in which Chinese and foreign professionals (journalists, businessmen, scholars and such) can meet international standards in their dealings on Chinese soil;
—confidence that U.S. presence and access in China does not endanger Chinese friends;
—serious efforts by the Chinese government to acknowledge the damage it has done to its international credibility, for example, by renegotiating aspects of the draft fundamental law on Hong Kong's governance after 1997 now being considered by the National People's Congress;
—evidence over a sustained time that China is honoring its previous statements on such issues as missile sales, nuclear nonproliferation, stability in Korea, progress toward a settlement in Cambodia and patience on the Taiwan issue.[2]

While we must not condone what has happened and is happening in China, we must not totally isolate the Chinese

[2] I am indebted to Professor Michel Oksenberg of the University of Michigan for his thoughts on these criteria.

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and rip out all the roots that we have so carefully nurtured. We need to find a way to balance our objectives of expressing near-term censure and holding open long-term cooperation with an enlightened leadership. While salvaging the framework, we must sustain indignation. In this process we should maintain contact with those who don masks but share our concerns. We should try to lighten the gloom for the Chinese people. The impact of our policies may be modest, but it will be magnified if we can preserve unity between Congress and the administration at home and cohesion with our allies abroad.

To be sure, the revival of broad cooperation will not be automatic or facile even with a moderate government in the future. Scars will remain. Trust will have to be rebuilt. The assumption of long-term political stability in China that has grown during the past decade has been rudely shaken. Traders and investors will be more prone to hedge their bets and to swerve to other markets. Cultural and academic leaders will harbor uneasiness about future winds of xenophobia. And China may have forfeited its special status in certain U.S. government projects.

I believe nevertheless that there are grounds for longer-term optimism. A vast network of official, professional and personal contacts has been created. The key Chinese interlocutors are precisely those elements who supported—and will support—the aspirations for a freer, more open society. They are shackled now from expressing their views and dealing with foreigners, but they are eager to resume cooperation and will do so once a progressive regime takes hold.

History is on their side. Gone forever is the time when the Middle Kingdom could shut out the barbarians behind great walls of indifference or condescension. Too many doors have been opened. Even hard-line leaders understand China's desperate need for foreign capital, technology and markets (indeed they have been avidly seeking to regain lost ground by trying to project an image of business as usual). No nation can prosper in the age of information and technology without opening up within and to the world outside. No government propaganda can erase years of images of relative progress elsewhere around the globe—conveyed by television sets reaching over 800 million Chinese, by millions of tourists, including overseas Chinese, by thousands of businessmen, scientists and scholars, and by the elite of China returning from more promising lands.

Americans in turn have every incentive to resume progress

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with China when conditions allow. A more moderate government in Beijing will need—and deserve—outside cooperation. We should then move vigorously to energize a wide range of contacts and programs that are now on hold. This will not be a favor to China but rather to ourselves.

VII

When this more hopeful time arrives, the fundamental challenges—and promises—that the United States and China faced in their relationship until the spring of 1989 will resurface:

—to recast geopolitical cooperation in a more ambiguous world;

—to expand economic links even while grappling with transitions;

—to reap more fruit than friction from the mingling of two cultures.

Let us look at the context and contours of a fully renewed relationship down the road, noting the transformation in the international landscape since the 1970s.

After redressing the Soviet-American strategic balance in the early 1980s, Washington is now moving energetically with Moscow to reduce and stabilize arms across the spectrum. Facing immense problems at home and confronted by firmness abroad, Gorbachev seeks to cut the costs of Soviet foreign adventures. Both Washington and Beijing have taken advantage of these conditions to improve relations with Moscow. Triangular diplomacy is thus blurred.

As the relative positions of the superpowers decline in the military sphere, new centers of wealth and stability emerge. China has asserted itself forcefully on this new world stage: increasing trade, selling arms, launching satellites and projecting power. Its domestic trauma and the international reaction are cramping Beijing's diplomacy right now. But this is transitory. With a more benign regime, China's full weight will once again be felt.

Other trends, mostly positive, have radically altered the international context of Sino-American relations. There has been movement on several regional conflicts, Afghanistan and Cambodia, for instance. On the Korean peninsula economic contacts and tentative dialogues have begun among the major outside powers and between North and South Korea. Fragile cease-fires are in place in the Persian Gulf and southwest Africa.

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In Central America and the Middle East, there is at least more fluidity. Dramatic reforms unfold in Eastern Europe.

Finally, historic forces are shrinking the globe and loosening up many of its societies. We ride a scientific and information revolution. Countries receptive to new ideas and technologies forge ahead, while closed controlled societies fall behind. Democracy and the market economy are gaining everywhere, while totalitarianism and Marxism are fading fast. Most of these trends should continue into the next century. They will inevitably affect how China and America relate and react to one another.

Conventional wisdom holds that strategic factors in the Sino-American relationship are dwindling in importance. I strongly disagree. To be sure, this dimension will be more muted and nuanced than it was in the 1970s. But references to "triangles" and "cards" were misleading even then. While Beijing and Washington will seek further improvement in ties with Moscow, both capitals will also continue to share a stake in preserving global and regional balances. As Chairman Deng made clear to President Bush last February, the history and geography of Sino-Soviet and Sino-Japanese relations will not change. Nor will the traditional Chinese approach of balancing near powers with far powers. Nor will America's convictions that no country, or set of countries, should dominate Asia or the world, and that China's integrity is essential for world equilibrium.

In this context, the United States and China should keep each other informed once again on their respective dealings with the Soviet Union, to prevent miscalculations and increase the prospects for international stability.

Indochina will remain an area of tension, if not conflict, for many years. China and the United States share a strong interest in preventing Vietnamese domination of the region. Together with the Association of Southeast Asian Nations and other interested countries, the United States should ensure that the Vietnamese truly evacuate Cambodia and do not rule it by proxy. Washington will need to continue encouraging Beijing to support the noncommunist factions led by Prince Norodom Sihanouk and to exert its influence to control the Khmer Rouge. This will entail an eventual halt of Chinese aid to the Khmer Rouge; the Chinese might also provide exile to some of its most murderous leaders.

No easing of tensions in the Korean peninsula will be possible

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without China's constructive role. Washington should seek Beijing's ongoing contributions: restrain the North Koreans, increase ties with the South Koreans and abet the U.S. embryonic dialogue with Pyongyang.

The situation in the South Asian subcontinent is particularly fluid. For years Washington worked intimately with Beijing to drive Soviet forces from Afghanistan. China and the United States are modestly improving relations with India, while maintaining close links with Pakistan. Nowhere is the risk of nuclear proliferation more acute than in the interplay among India, Pakistan and China. This complex terrain will require sustained Sino-American exchanges.

Tokyo, Beijing and Washington have been building positive ties with each other. Japan will remain an important U.S. ally and most important friend in Asia. Washington should consult closely with Tokyo about policy toward China so as to avoid shocks like those of the early 1970s. At the same time, it should strive to reduce suspicion and foster understanding among the three states. This process is crucial for regional stability, easing the transition that is being caused by Japan's economic juggernaut, emerging political influence and growing military clout.

Chinese influence outside Asia is less central. It will demand attention, however, given China's role in the United Nations, its more expansive diplomacy and its arms sales. Nowhere is this clearer than in the Middle East. China was moderately helpful in bringing about a cease-fire in the Persian Gulf. It has delivered huge amounts of weapons, including ballistic missiles, to the area. It would play a part in a U.N.-sponsored Middle East peace conference. Other regional issues such as southern Africa and Central America would also benefit from steadier Sino-American dialogue.

The most serious problem in bilateral relations during my tenure as ambassador was the sale of Chinese missiles to Third World countries. Beijing had its reasons for resisting our representations: it gained international influence from the sales; its profits helped finance an impoverished PLA. No country willingly gives another a veto on its arms policy; China charged us with double standards in our approach to various countries, and its global arms sales were very modest compared to ours, the Soviets' and the Europeans'. Yet, largely as a result of our persistent demarches and discussions, the Chinese took constructive actions. I regard these as prime examples of the

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tangible benefits to be derived from serious exchanges with China on international topics.

This issue is far from settled, however. Numerous questions remain about defining intermediate missiles, unstable regions and unsavory recipients. We face very real dangers that these destabilizing weapons will find their way into volatile areas. The arms trade is emphatically a global problem; we must work with a host of potential suppliers and recipients. China is crucial to any successful effort to stem the tide of proliferation.

When conditions permit, the United States should search for new areas of cooperation. We have been heartened by recent Chinese collaboration in halting the flow of drugs. Increasing these joint efforts would not only help meet this problem but earn Beijing some sorely needed goodwill in America where drugs are a rampant plague. So too would Chinese efforts to help attack the scourge of international terrorism. Still another potential new area for beneficial exchange would be cleaning up the world's environment.

VIII

On the international scene, therefore, China and the United States have been friends but not allies. Both countries share parallel interests and pursue compatible, if not collaborative, policies on many issues, especially in Asia. On other questions they disagree, sometimes fundamentally, sometimes on tactical approaches toward similar ends.

Against this backdrop the United States gradually developed military ties with China. This dimension is a natural component of a relationship expanding across the board. Neither country threatens the other, and both have been building friendly links in other sectors of their societies. The United States and China share common perceptions on the necessity for Asian and global military balances. Washington has judged a secure, modernizing and humanely governed China to be a force for stability. The Chinese have looked to the West to help their defense modernization. To be sure, the United States must be sensitive to the perceptions of others, whether in southeast Asia or across the Taiwan Straits. Beijing and Washington have some diverging national interests. Their domestic systems profoundly differ.

Thus the United States has measured its tread. Military cooperation has proceeded carefully on three tracks: high-level visits, functional exchanges and technology transfers. Trips by

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defense ministers, chiefs of staffs and heads of services provide opportunities to discuss the geopolitical scene, give impetus to ongoing programs and map out future cooperation. Functional military exchanges implement agreements reached at higher levels. The United States has shared information in many fields ranging from strategy to tactics, from systems to equipment and from medicine to academic training. U.S. and Chinese ships have visited each other's ports, and U.S. Thunderbirds have soared in Chinese skies. These exchanges represent the most important aspect of defense cooperation between the United States and China; they forge mutual understanding, personal ties and constituencies for a strong bilateral relationship.

The United States has not pushed arms on the Chinese. On the contrary, it has considered their requests on a case-by-case basis and has turned aside many inquiries because of concern over exporting advanced technology or projection capability. U.S. military sales are strictly limited to defensive weapons, and to date they add up to about $800 million in long-term programs.

In response to the events of June, President Bush correctly singled out the military relationship as the leading area in which to halt Sino-U.S. cooperation. This action was appropriate symbolically, because of the PLA's role in suppressing the demonstrators. And it provides possible leverage for those Chinese, including those in the military, who wish to follow a more moderate course—they can point to the loss of U.S. cooperation in the modernization of the PLA as one of the costs of a repressive policy.

Presumably, military ties will be one of the last parts of the Sino-U.S. relationship to return to its previous course. But when the United States again advances with China on a broad front, they will clearly serve U.S. interests.

IX

High on the Chinese political agenda is the question of Taiwan. The most senior American officials in successive administrations have pledged to abide by the three joint Sino-American communiqués of the past two decades and adhere to the principle of one China.

For years Beijing has urged Washington to promote reconciliation between the mainland and Taiwan. The United States has demurred, stating that this is a process that must be worked

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out peacefully by the two sides themselves. While the United States will therefore not advocate specific avenues of reconciliation, neither will it obstruct them; it has explicitly welcomed the remarkable surge in trade and contacts that has occurred in the past two years across the Taiwan Straits.

The soundness of the U.S. position has been evident. There has recently been little tension between Beijing and Washington on this question, although it remains a matter of fundamental principle to the Chinese. Taiwan, feeling secure, has continued its astonishing economic progress and initiated political reforms. There has been almost no debate in the United States. Meanwhile Taiwan and the mainland have been reaching out peacefully toward each other through the exchange of goods and people.

It is still too early to assess the damage to Taiwan-mainland relations caused by the crackdown in China. Taipei has shown relative restraint. Beijing has made only modest attempts to accuse Taiwan of involvement in its turmoil. Nevertheless one could only expect the people of Taiwan to recoil from the ugly scenes they have witnessed on the mainland. It will be extremely difficult for future Chinese regimes to make close association appear inviting to those living elsewhere. The devastating impact on Hong Kong will cause further repercussions in Taiwan.

It would be a serious mistake to tamper with the balanced U.S. approach, which has enjoyed broad bipartisan support and has worked so well. For us to shift toward a two-China, or a one-China, one-Taiwan policy could wreck our relations with the People's Republic. It could provide a dangerous situation in the Straits. It would undo the solemn undertakings of five presidents of contrasting ideologies. It would not find favor with the authorities in Taiwan who also subscribe to a one-China policy. Whether conservative or moderate, whatever their differences on other issues, the Chinese agree on one China—any Beijing leader would be obligated to downgrade, perhaps sever, relations with Washington were there a fundamental U.S. shift on the Taiwan question. To anyone who grasps the long-term importance of Sino-American relations the case for maintaining our successful posture on Taiwan is irrefutable.

The events since June, however, pose fresh dilemmas for U.S. policy. Substantial numbers of understandably angry Chinese intellectuals and students are at war with their own

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government, seeking platforms in the United States, Europe, Hong Kong and elsewhere in Asia from which to pursue their struggle. The United States was able to reach a mutual accommodation with the Beijing government in the 1970s by promising, in effect, to disengage itself gradually and responsibly from the dispute between Taiwan and the mainland. In return we expected the Chinese to pursue reconciliation by peaceful means alone. That has been the thrust of American policy ever since.

In the months ahead, the United States faces a difficult balancing act. On the one hand, we must offer refuge and moral support to the Chinese who are threatened with political persecution due to their beliefs, and we must adhere to our obligations toward the people in Taiwan. On the other hand, we should not inadvertently become deeply engaged in Chinese domestic politics.

X

It is a melancholy irony that 1988, just before the Chinese great leap backward, was the most positive year ever in Sino-American economic relations. Bilateral trade jumped forty percent to exceed $14 billion. Agricultural exports from the United States doubled to $1.2 billion. China was becoming our leading overseas market for wheat. The P.R.C. became our thirteenth-largest trading partner; the United States was China's second-largest export market. American investment leapt from 400 to 630 projects. With some $3.5 billion committed to China, the United States was the top outside investor after Hong Kong.

Certainly there remained substantial obstacles to trade and investment, and Beijing's decisions in the summer of 1988 to cool the economy and postpone reforms were casting shadows. Nevertheless, a series of negotiations and agreements was laying the groundwork for further expansion. After being stalled for years, the United States and China broke through to a maritime agreement. Progress was made on updating our civil aviation accord. With our allies in the Coordinating Committee for Multilateral Export Controls, we were steadily easing controls over technology exports and were ready to extend a distribution licensing system to China. The Chinese were significantly improving their investment climate and were at last beginning to move on protecting intellectual property rights. We were engaged in constructive talks concerning China's

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application for membership in the General Agreement on Tariffs and Trade.

This very promising advance in our economic relations has been aborted for both practical and moral reasons. But as the United States waits for a more benevolent climate, we can already identify our longer-term objectives.

When China resumes its difficult transition from central planning to market forces, we should encourage its reforms while recognizing that their ultimate success depends on the Chinese themselves. Our efforts in trade, technology and investment help China modernize and become stronger.

Some question whether this bodes well for the United States. To be sure, a more powerful China will present fresh challenges, especially for its neighbors. But it is decidedly in our interest to participate in its development, and we should not leave the field to others. A prosperous and stable China will be less subject to outside pressures and in a better position to help maintain a multipolar balance in Asia. A China engaged in international markets and institutions will have greater incentives to pursue a responsible foreign policy.

With these considerations in mind—and when the Chinese make it possible—we will want to revive a broad economic relationship. For our part this will include keeping open U.S. markets to Chinese goods, transferring technology and encouraging China's participation in the global economy.

For its part, a more enlightened Chinese regime will have to work hard to attract foreign technology, capital and management skills. The wounds of 1989 will not heal quickly. American companies will be looking hard before leaping into investments. Beyond meeting the necessary humane standards in their political system, Chinese authorities will need to resume the momentum toward a pluralistic market economy and a trade and investment climate that is clear, fair and sure. To these ends key moves will be: reducing high tariffs and import barriers; loosening controls over foreign exchange and import licenses; allowing competition in the services sectors; streamlining bureaucracy; ensuring consistent implementation of agreements.

The most difficult requirement for the Chinese, especially for its elder leaders, may be to recognize that it cannot expect to attract and exploit international science while excluding outside ideas. For much of its recent history, China has attempted to gain foreign knowledge without being contami-

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nated by foreign culture. During the past 150 years this has proven to be very difficult. During the past decade of reforms and opening to the world, the Chinese leaders have sought to stamp out unsettling Western influences at three different times—the tearing down of Democracy Wall in 1979, the attack on "spiritual pollution" in 1983 and the "antibourgeois liberalization" campaign of 1987. Now they are at it again—banning books, shutting out the world media, hounding those "infected" by Western concepts, stepping up political "education" on campuses and in the work places.

Today, in the age of information and telecommunications, galloping technology and increasing interdependence, such an approach is impossible. No country can prosper without opening up within its borders and to the outside world. It is not a question of "Westernization" but rather the imperatives of modernization. China cannot simply import gadgets and boost productivity without applying modern management techniques. Students and scientists returning from abroad will carry back values as well as knowledge. The loosening and opening up of Chinese society will be essential not only for economic progress but also for political stability. For as millions of Chinese so vividly demonstrated once again this past spring, men and women do not live by rice alone.

XI

The events of 1989 painfully illustrate that the most profound challenge in dealing with China will be in the cultural realm. For most of our history, Americans and Chinese viewed each other through veils of rhetoric and sentiment. During the past two decades expanded contacts between our societies began to increase mutual understanding.

Artists and experts, teachers and tourists were crisscrossing the Pacific in increasing numbers. Thirty protocols on science and technology exchanges constituted the largest such program that either of us had with any other country. There were over 40,000 Chinese students on American campuses by the end of 1988, more than half of all those sent abroad. Hundreds of American scholars and students were teaching and studying in China. Weekly Sino-American conferences examined a wide range of topics, ranging from law to the stock market to the U.S. Congress. We were rapidly increasing cultural exchanges, our access to Chinese television and radio and the publication of American books in Chinese. More than 300,000 American

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tourists visited China yearly. After years of effort, and just two weeks before leaving Beijing in April 1989, I signed an agreement with the Chinese that would have sent Peace Corps volunteers for the first time ever to a communist country. This project, like so many others, hangs in suspense.

This extensive process, largely carried on by the private sector, was fostering a more enlightened appreciation of each other's histories, societies and systems. But it was highlighting some sharply different values as well. Cultural and academic exchanges have mutually enriched both countries. At the same time, closer scrutiny was spawning tensions and frictions well before Beijing's actions all but ruptured the growing links.

Believers in freedom, Americans chafe at controls, whether on Tibetan monks, prospective mothers or outspoken dissidents. As a nation of immigrants, our concern for human rights is natural and universal. We have never singled out China. Indeed there has been a rising chorus of complaints in the United States about an alleged double standard between our vigorous espousal of human rights in the Soviet Union and our more muted approach toward China.

Presumably a more moderate government will allow intellectual "flowers" to bloom, tolerate dissent, move toward a freer press and further develop a legal system to protect individual rights. Presumably its leaders will not create a major bilateral crisis when future visiting American officials invite dissidents to banquets. Even under a more progressive regime, however, China will be very sensitive on human rights. The world's oldest, richest civilization does not take kindly to outside advice. Chinese leaders, who have always feared chaos, will be wary of a rapid rush toward democracy. As communists, they will fear loss of party control. Some see crime, homelessness and drugs as the costs of excessive freedom. The Chinese do not raise human rights in their dealings with any country. Since they do not seek to impose their concepts on the United States, they resent what they perceive as our attempt to do so on them.

Human rights abuses and martial law in Tibet predated the Chinese crackdown in Beijing and elsewhere. Lacking access to the area and without media coverage, we can only glumly imagine what has been transpiring in that remote region. Until recently Beijing had taken some positive steps to improve the religious and economic conditions in Tibet, but there was also continuing cultural arrogance, harsh suppression of dissent and mistreatment of prisoners.

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Whatever our anguish for Tibetans, the United States will need to continue to recognize that Tibet is part of China. This is not only our long-standing policy but that of all governments in the world. Encouraging Tibetan independence would be quixotic. There is a solid consensus among Chinese that they cannot and will not grant it because of sovereignty, security and the implications for other nationalities in China. Fanning independence fever would also be a cruel incitement to the Tibetan people, given China's overwhelming power and control in the area. The Dalai Lama himself has stopped short of demanding independence.

Thus adherence to the recognition of Chinese sovereignty over Tibet is a prerequisite for engaging the Chinese constructively on the broader issues. We must continue to press China for moderation in Tibet and for access to outsiders. Our best route will be to support negotiations between Beijing and the Dalai Lama. Progress toward greater autonomy under Chinese authority will be required for the Tibetans to enjoy a happier fate and for Sino-American tensions to subside.

Beijing's population policy will be another continuing source of friction. Americans need to comprehend that China confronts the most dramatic Malthusian dilemma in world history: a young and mushrooming population, already more than a billion people weak, living on a land that is only one-tenth arable and three-quarters urban sprawl, mountains and sand. Unrestrained population growth would doom China's future.

The Chinese in turn need to understand that, while Americans disagree passionately on the subject of abortion, they find forced abortions and sterilization abhorrent in any country. While Beijing's official policy prohibits coercion, its infrequent punishment of abuses is far from credible or effective. A concerted Chinese effort to root out coercion will be necessary to regain American assistance. It will be difficult, but it should not be impossible, to find a way to help China's family-planning policy without either compromising our values or imposing them.

The United States should encourage progress in these various areas of human rights with a judicious mix of policies. We can provide practical assistance through exchanges and conferences in certain areas, such as developing legal institutions and a more responsible press. We should welcome advances as well as censure backsliding. We should pursue policies, including quiet diplomacy, that promote real progress rather than mere

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visceral satisfaction. We should recognize that the Chinese face genuine problems of economic development, stability and balance of central control with local initiative. We should not expect instant breakthroughs or American models. We should gear our attitude to relative movement and not to snapshots that do not measure up to our ideals. And we must continue to consider our major geopolitical and economic interests with China in tandem with our pursuit of human rights.

For their part, the Chinese must have surely learned this year that the violation of human rights is costly not only in terms of world opinion but also world cooperation.

XII

For the Chinese people above all, we must hope that the Big Chill is soon lifted. In my view the question is when, not whether. Former President Reagan put it best: "You cannot massacre an idea." We witnessed China's future not in those grim nights in June but rather in the heady days of April and May.

When those days return, Americans should be prepared fully to resume the journey with that great nation. It will not be easy to keep a balanced perspective; it never has been for Americans. George Kennan once observed that "If we are to regard ourselves as a grownup nation . . . then we must, as the biblical phrase goes, put away childish things; and . . . the first to go . . . should be self-idealization and the search for absolutes in world affairs: for absolute security, absolute amity, absolute harmony."

That injunction captures the primary challenge in our China policy. The current course is full of ambiguities and tough decisions. Our strategic imperative is to preserve a long-term relationship. Our moral imperative is to project our principles as we survive this cold season of suppression.

Even when a warmer climate returns, the journey will be complex. Our two nations will share important security concerns, but we will not be allies, and we will differ on many international issues. We will strengthen ties of amity. But we will face inevitable tensions as we mesh two continental giants with vastly contrasting histories, cultures, stages of development and values. We will cultivate cooperation. But we can hardly hope for harmony.

This may seem an obvious precept for relations with almost any country. It has not, however, been applied for most of

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America's past history with China. American perspectives toward that nation have swung between romance and hostility. We have held wildly fluctuating images—the evil Fu Manchu, the noble peasant of Pearl Buck. During just the past half century, the Chinese have appeared, successively, as beleaguered allies and implacable foes, as yellow hordes, red guards and blue ants, the angelic Maoist man and the diabolical Gang of Four, budding capitalists adorning magazine covers and beastly communists crushing students.

We need a steadier vision. Both in our attitudes and in our policies, we must incorporate the Chinese yin and yang of opposites forming a whole.

In recent years, thanks to expanding links, we have traveled far. Americans were becoming more clear-eyed toward China, discarding both red herrings and rose-colored glasses. In recent months, thanks to television images, we have traveled farther. Americans have seen the two faces of China. Beyond the Big Chill, our challenge will be formidable. So will the stakes—for Chinese, for Americans, and for this planet's prospects in the 21st century.

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Stanley Hoffmann

THE EUROPEAN COMMUNITY AND 1992

Not much attention was paid in March 1985, when the European Council, whose members include the chiefs of state and government of the 12 member states, decided that it should constitute a single market by 1992. After all, the European Community had been established in 1957 with the goal of a common market, and many people believed that the goal had been reached; tariffs within the Community had been abolished, a common external tariff put in place and a controversial common agricultural policy instituted.

Those who knew better realized that Europe remained a maze of border controls, government subsidies to national industries, closed national systems of procurement in military and other key public sectors, and national regulation of industrial standards, copyrights, transportation, banking, insurance and health requirements for the entry of goods. Thus, many were discouraged; after all, the goal of a full economic union had been proclaimed in the early 1970s but never met.

Americans in particular had been enthusiastic about European unity in the 1950s and 1960s—often more so than many Europeans—because they had a vision of a United States of Western Europe, symbolized by the name of Jean Monnet. They grew disheartened when Charles de Gaulle, in the 1960s, was able to destroy that dream and force his partners, in the so-called Luxembourg compromise of 1966, to stick in effect to the rule of unanimity. The Community settled down into one more international organization in which diplomats and bureaucrats haggled over technicalities. American curiosity moved to other parts of the world.

By 1988 it had become evident that this time, something new had indeed happened in Western Europe. Three months after the council's 1985 decision, the European Commission, which is the executive branch of the Community and consists of 17 officials selected by the national governments but inde-

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pendent of them, published a White Paper that listed no less than 300 areas for action, with deadlines for proposals by the commission to deal with them. Ever since, the commission has been turning out directives, and the Council of Ministers, which takes most of the final decisions, has examined and usually adopted them. It was the White Paper that set the deadline of 1992 for the achievement of a truly common market. By the middle of 1989 about half of the obstacles had been removed—or at least ordered to be removed.

The task undertaken by the Commission of the European Community (EC) is both gigantic and intensely technical. Progress so far has consisted of such measures as the replacement of the hundred-odd forms required of the members' citizens at European borders by a single administrative document; the directive of June 1983 that provides for the mutual recognition of professional qualifications—a measure that should allow engineers and doctors (although not lawyers, who will need to take an exam in the country into which they move) to settle anywhere in the Community; another decision to eliminate the remaining controls on capital movements; a directive that allows a bank, licensed in its home country, to operate throughout the Community; a decision to remove restrictions on road transportation; various moves aimed at the deregulation of European civil aviation (whose fares are much higher than U.S. fares); a 60-page directive on the regulation of engineering machinery, and another one that liberalizes the terminal equipment market—a sector each country had heavily protected. Funds that support the poorer countries of the Community have been doubled, and represent the equivalent of the Marshall Plan. The commission is also playing a very active role in antitrust cases, a role which entails opposing mergers that have anti-competition purposes or ordering governments to stop subsidizing firms illegally.

The ultimate beneficiaries of all these measures are likely to be both the producers and the consumers. Border controls alone cost between three and four percent of total trade in 1983. A truck that could travel 750 miles in Britain in 36 hours needed 58 hours to cover the same distance from the Channel to Milan. Changing money into local currencies would cost a traveler going to ten of the 12 member countries 47 percent of his money. The closed character of public procurement is another important cause of high prices, especially in computers and telecommunications. If the council and the commission

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continue their efforts, European industrialists will achieve economies of scale that will allow them to operate more efficiently than if they were confined to their domestic markets, and the consumers will gain from the commission's competition policy, which is strongly supported by the jurisprudence of the European Court of Justice.

II

What explains this sudden burst of activity? A few years ago, it was fashionable to lament about "Europessimism." Suddenly "1992" has become the symbol of a European renaissance. It can best be explained as the conjunction of a common experience and of key personalities.

The experience was that of the Community's dark age—roughly from 1973 to 1984. In 1972, three years after the resignation of General de Gaulle, who had opposed Britain's entry into the Community, Britain became a member. Many people had expected its very capable officials, many of whom were fervent "Europeans," to take the lead and inject new vigor into the Community. Instead, there followed more than ten years of quarreling about the amount of money Britain had to contribute to the EC's budget—Britain in essence asking for a renegotiation of the terms on which it had been allowed in.

Moreover, when the oil crisis of 1973 hit, the Community was incapable of agreeing on a common policy; most of its members followed America's leadership, with France dissenting. It suddenly appeared that many of the economic problems that plagued Western Europe could only be solved on a global level, and that the Community's regional framework was irrelevant. Finally, the economic slowdown of the 1970s, with the rise of massive unemployment, led the governments to ignore the Community and give priority to strictly national, and often divergent, attempts at coping with the crisis—through alternations of expansive and restrictive fiscal policies, and such measures as what the French called "the social treatment of unemployment": retraining, subsidies to firms willing to hire new workers, unemployment compensation and so forth.

The result was a sense of failure. The national policies had only limited success; there was little growth, excessive inflation and persistent unemployment. During these years Japan became a major economic actor, and the new industrial countries of Asia followed Japan. Europe witnessed the decline of many of its traditional industries, such as steel and shipbuilding, and

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discovered that in many areas of high technology it was being outpaced by Japan as well as by the United States. Attempts by governments (especially that of France) to promote mergers of firms so as to create "national champions" in such areas as telematics did not succeed in reversing the trend. Governments, after years of trying to improve their national economies through such attempts and through deals with unions and business organizations, became aware of the rigidities of the labor market as well as of the many other obstacles to industrial efficiency and technological progress. If national solutions did not work, there remained one way out: what the French often call a *fuite en avant*, an escape by a forward leap—into Europe. Competitiveness on the global market remained the main issue, but now it appeared that regional integration was, after all, the prerequisite.

Nonetheless, Europe would not now appear so promising if, during the "dark years," steps had not been taken to preserve the Community from decay and to strengthen it in some important areas. The most significant and successful effort was the establishment—after several false starts—of the European Monetary System (EMS) in 1978. It was the brainchild of West German Chancellor Helmut Schmidt and French President Valéry Giscard d'Estaing.

The abrupt American decision to scuttle the postwar system of fixed exchange rates and to replace it with floating rates had worried the Europeans, who were afraid of the effects of monetary instability on their trade and balance of payments. The EMS provided for a tighter system than the global one; fluctuations of exchange rates were to be contained within a narrow band (known as the "snake"). Even though Britain did not join, it cooperated with the EMS, which has tended to be a Deutschmark zone. The main merits of the EMS have been its contribution to the reduction of inflation and the pressure it puts on the governments, if not to coordinate their fiscal and economic policies, at least to follow similar ones, under the surveillance exerted by various Community committees. Bonn's policy of monetary stability has become the continental norm. When the Socialist government of France in 1981–83 tried to pursue a Keynesian policy of public spending to counter the recession, French balance-of-payments difficulties and the run on the franc quickly forced it to choose between quitting the EMS and reversing its policies—and it did the latter.

Another measure of progress during those years was the

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Esprit program, a scheme of industrial cooperation in information technology promoted by the very able Belgian Commissioner Etienne Davignon with the collaboration of the 12 major electronic companies of the Community, and with Community subsidies. Still another prerequisite for the future leap was the settlement of time-consuming disputes over British money, over the budget, and over the Common Agricultural Policy, the reform of which was finally undertaken in 1984 to make it less expensive (it absorbs 70 percent of the Community's budget) and less wasteful (the reduction of butter stocks and of the production of wine being the priorities).

Thus, by 1984, the members had overcome many obstacles. Moreover, disenchantment with Keynesian policies, the wave of economic liberalism spreading from Reagan's America (particularly the appeal of deregulation), the recognition by French and Spanish Socialists of the superiority of the market over a command economy, of the futility of nationalizations and of the virtues of competition—all this created the right climate for the European revival. Just as in the 1950s when the Christian Democrats of France, Italy and West Germany turned to "Europe" partly as an escape from the limits or frustrations of their domestic policies, the Socialists of France, Italy and Spain—followed in 1989 by Britain's—found in "Europe" a substitute for their traditional public policies at home.

However, general conditions only lead to the right results if the right people are in the right place at the right moment. This is what happened in 1984–85.

After the fiasco of his first economic and social policy, French President François Mitterrand, an old "European," was determined to use the six months of his presidency of the European Council in 1984 to make spectacular progress. The new German chancellor, Helmut Kohl, could only view with favor a plan that would, on the whole, benefit West Germany's strong industry. Prime Minister Margaret Thatcher, as an apostle of deregulation, had no reason to resist, and was also eager to prove that Britain was not the saboteur of the Community it had often seemed to be. The Single European Act—whose long-term effects, as the ratification debates showed, were probably underestimated by all the governments—was presented to the British Parliament as a treaty that would make it possible (by majority votes) to bring to Western Europe all the benefits of deregulation, while preserving (through the requirement of unanimity) national sovereignty in areas essential to

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Britain, such as taxation, the free circulation of individuals and the rights of workers.

Above all, the new president of the EC Commission—the person whose impetus can be decisive—was Mitterrand's former Minister of Finance Jacques Delors, who had been a key adviser to the reformist Gaullist Prime Minister Chaban-Delmas in 1969–72 and later became a moderate Socialist. He had been very influential in turning around the economic policies of Mitterrand's government in 1983. A former official of the French labor union inspired by progressive Catholic thought, he exemplifies the synthesis of Christian democracy and socialism on which the Community was built. His commitment to a United Europe is as strong as his obstinacy and energy. Delors, who was reappointed for a second four-year term last year, is as important to the enterprise today as Jean Monnet was in the 1950s.

III

This new enterprise builds on the institutions and achievements of the earlier one, but it is not a mere continuation. A comparison of the two efforts is instructive.

The Common Market of 1957 was limited to six neighbors: France, West Germany, Italy, Holland, Belgium and Luxembourg. The first European experiment was a reaction to what academics sometimes call "high politics"—considerations of national security and power. The Coal and Steel Community of 1951 was launched as a way of promoting the reconciliation of France and Germany and of anchoring the one-year-old Federal Republic in the Western alliance. The European Economic Community was established by the 1957 Treaty of Rome after the fiasco of the European Defense Community, which was scuttled by the French National Assembly in 1954, and after the humiliation of the British and French during the Suez crisis of 1956. In both instances, the six members chose economic means to reach political objectives—the ability to speak with one voice in world affairs—because these means prompted less internal resistance and because the whole realm of defense was dominated by the United States. Indeed, the main underlying issue—the one that de Gaulle, between 1958 and 1969, made brutally explicit—was the ability of the Six to stand up to, distinguish themselves from, and cooperate as an equal with the United States.

Throughout the 1950s and 1960s this issue became entan-

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gled with a quasi-theological debate about the Community's institutions. Jean Monnet, the "inspirer" (de Gaulle's rather hostile term) of the 1950 and 1957 enterprises, supported a sort of federal setup—limited to the economic sectors covered by the 1957 Treaty of Rome—with the independent EC Commission as its chief body. The Common Market of 1957 diluted Monnet's dream by making the council of state representatives the real decision-maker and by creating a parliament that was not elected by universal suffrage nor provided with any real powers (the switch to universal suffrage a few years later did little to enhance its authority). De Gaulle excommunicated federalism (called "supranationality" in Monnet's euphemistic jargon) by insisting on the primacy of the council and on the principle of unanimity for decisions. He saw in Monnet's design a danger that French sovereignty would be destroyed by irresponsible "European" bureaucrats, whom the United States could manipulate by exploiting the clashes of national interests among the six countries.

De Gaulle preferred a "Europe of states": a concert of governments that would build "Europe"—first in the West, ultimately in the East as well—on the basis of well-balanced bargains in areas of common or mutual interests. So did Britain, but de Gaulle kept it out of the Community on high politics grounds: Britain's closeness to Washington. Finally, the first European enterprise remained limited in scope (as well as geographically); agriculture and the removal of tariffs and quotas on trade were the only links forged among the Six.

The post-1984 undertaking is very different. Today the Community has 12 members and is far more heterogeneous. With Portugal, Greece, Spain and Ireland in the Community, 20 percent of the member countries have a per capita income inferior to 60 percent of the average; in other words, it has a "North" and a "South" of its own. The EC Commission—de Gaulle's target after 1958—has been a major actor, as has been the new European business elite fostered by the Common Market's removal of some barriers. In the 1950s many businessmen, especially in France, were very hostile and fearful of the project. The main goal now is not "high politics" but the competitiveness of Europe in a world in which the number of industrial and commercial players has multiplied; the stake is what Helmut Schmidt once called the struggle for the world product, rather than for traditional power (although wealth and power have become ever more closely tied together).

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While the United States remains a major trading partner of the Community, the new effort is aimed much less at establishing a "partner" of equal weight to cooperate with, and to resist domination by, the United States than at resisting the challenge from Japan, whose aggressive external economic expansion and fierce protection of its own market the Europeans resent. This shift in emphasis reflects the relative decline of American power.

The theological battle about the Community's institutions is not dead—Jacques Delors is the new Monnet and Margaret Thatcher the new de Gaulle in this connection—but it has been suspended and replaced by a remarkable pragmatism. In 1985 Europe's statesmen did not follow the federal path favored by Alfiero Spinelli's draft treaty of European Union, which the European Parliament had endorsed in 1984. They preferred the goal of a single market to the straight path of political integration. To be sure, the Single European Act signed in 1986, which amends the Treaty of Rome and endorses the commitment to a unified market, allows for decisions in most areas to be taken by a qualified majority instead of unanimously, but the European Council remains the top decision-making body.

The earlier supranationalists often saw the states as the enemy; today's activists see them as indispensable partners, whose sovereignty is to be pooled rather than removed, and to whom enforcement of Community decisions is entrusted. There is also, now, an impressive network of national and transnational lobbies in Brussels and Strasbourg (where the European Parliament meets), of experts' and bureaucrats' committees advising the commission and the council, and of ties among cities, regions and enterprises. The scope of the Community is larger, thanks to the EMS and to the mass of joint ventures, cross-border mergers and direct investment abroad that now tie the members together.

Some things, however, have not changed. The political motor of the Community remains the Franco-German entente; when it sputters, progress stops; when it functions, advances are made (because Britain wants to avoid being isolated). As in the first effort, the members find it easier to agree on removing obstacles than on formulating common policies (which would require greater powers for the federal bodies—the commission and the parliament). The best example of this is the set of principles adopted for the unification of the market. One

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principle—stated by the Court of Justice in a 1978 case that pitted the French liqueur *cassis de Dijon* against West Germany—is that the members would grant each other "mutual recognition" of their regulations and standards, i.e., the conditions set in one country have to be accepted by the others. The other principle is home-country control: the right of a firm to operate throughout the Community if it is licensed in one of the member countries. These principles make it unnecessary for the commission and the council to spend too much energy on "harmonization"—the adoption of a single European set of standards—or on promoting "European" companies. There will be instead a kind of free market of competing national standards.

Another similarity between the earlier effort and the current one concerns the dynamics of unification. Neither effort has been accompanied by a popular, mass movement. In the first enterprise, there was often considerable domestic opposition (witness the fate of France's own brainchild, the European Defense Community, in France); the moves toward integration were the product of a small layer of key politicians and civil servants. Today, these actors and the business elite are driving the effort, and, as shown by the high rate of voter abstention (about 41 percent) in the June 1989 elections for the European Parliament, the general public is not very involved. This lack of interest may be because the European bureaucrats have been clever enough to bury the controversial issues under a mountain of 300 technical directives and because the parliament, despite its new powers (granted by the Single Act) of amending council decisions and approving agreements of association between the Community and other states, continues to appear remote and bogged down in technicalities. The election campaigns were much more about domestic politics than about Europe.

Furthermore, in neither effort has the nation-state necessarily "lost" whatever power was "gained" by Europe. The main winner has not been a supergovernment of Europe; the national governments and bureaucracies remain the chief players, for instance setting up and revising the Common Agricultural Policy and very actively taking part in the mergers and collaborative schemes devised (or merely executed) by firms.

A final similarity is that the European enterprise remains primarily economic. Efforts at coordinating foreign and defense policies—the former under the auspices of the European

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Council, the latter mainly through the West European Union, a sleepy organization set up in 1955 as a substitute for the Defense Community—have remained fitful and limited.

IV

To these limits must be added the other difficulties the new undertaking faces—difficulties which guarantee that the year 1992 will not see the full realization of a unified market. What has begun is a process that will go on for many years, and which is galvanized by but cannot be bound to the artificial deadline of 1992.

The method pursued in Brussels has the advantage of appealing to the desire of all groups for expanded production and trade at lower prices, and of leaving to the future the determination of the losers. Enormous interests are at stake, for this massive attempt at deregulation will provoke shifts in wealth and therefore power among nations, regions, classes and sectors that nobody can yet fully forecast, but that create anxieties and resistances galore. There is the fear that the results will amount to the victory of the richer countries over the poorer ones (hence the fierceness of the battles over the size and distribution of the funds granted to the poorer nations, such as Greece) and of the richer sectors over the poorer ones (hence the disgruntlement of farmers, whose income is falling despite the costly agricultural policy). There is also the fear that the new Europe will represent the triumph of the most efficient and powerful economies over the others.

The story of the EMS is one of West German preponderance; Bonn has preserved its trade surplus with its neighbors despite the upward movement of the Deutschmark because their currencies have moved up along with it. France and other members of the EMS often fear that having lost mastery over their monetary and foreign economic policy, they will have to take measures curtailing their economic growth (hence increasing unemployment) in order to remain within the EMS and preserve the equilibrium of their commercial balance. French industry, which has, on the whole, smaller firms and less available capital than West German industry, and which has begun playing the game of internationalizing itself rather late, worries that the removal of all barriers within Europe will flood the French market with foreign imports. On the other hand, the heavily protected and not very efficient West German transport and telecommunications industries may be the losers in the unified

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market. And Italy fears that Italian capital, when controls are lifted, will move to countries that provide higher returns on savings, and thus stop financing Italy's public debt.

Labor is afraid that the removal of barriers and increasing competition will lead to a large number of business failures and layoffs, and to businesses moving to countries with lower wages and social benefits such as Spain. The labor markets of Western Europe are far less integrated than the capital markets, and further integration would require a common social policy and collective bargaining on a Community-wide scale. But there is little governmental enthusiasm for such moves, which would disrupt delicate domestic balances and affect national competitiveness; policies for coping with this "social dimension" of Europe remain nebulous.

The attempt by the EC Commission to draft a statute for European companies has been plagued by disagreement over provisions for worker participation—West Germany objecting to anything less than the co-determination granted by its own law, and Prime Minister Thatcher rejecting any scheme that would boost the power of unions, which she fought so vigorously in Britain. Labor's sullenness contrasts with the frenzied activity of businessmen, who are engaged in formidable contests in the form of mergers, joint ventures, buyouts and takeover bids aimed at obtaining either the best position through transnational alliances in Europe or the best position in their country against the expected onslaught of competition from abroad.

These multiple fears and oppositions explain some of the setbacks and delays encountered by the pioneers of "1992." Attempts by the commission, prodded by Delors, to define a common social policy have not gone much beyond generalities and the recognition of diverse national practices, falling well short of the guaranteed minimum income that some labor organizations have called for. Plans for a Community-wide television broadcasting network have been stymied. Little progress has been made in matters of copyright and patents. Opening up procurement in the four traditionally protected "national" areas (energy, telecommunications, transportation and water supply) is only beginning.

The two most troublesome sectors among those covered by the White Paper have turned out to be border controls and indirect taxation (no attempt is being directed at unifying direct taxes).

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The abolition of all border controls is fiercely resisted not only by customs employees but also by Prime Minister Thatcher, who believes these controls are indispensable in the fight against drugs and terrorism. Moreover, each country remains free to impose its own conditions on the admission of refugees and immigration—a very hot political issue, as the rise of Jean-Marie Le Pen in France has shown; the abolition of border controls would make the enforcement of such national policies far more difficult.

The unification of indirect taxes has hit a number of snags. One concerns the value-added tax; countries with low rates or very limited coverage for the tax (such as England) fear that raising the rate and increasing the coverage would be inflationary. On the other hand, France, which gets 40 percent of its public revenue from taxes on consumption, resists the loss of government income a lowering of its rates would entail. A compromise is now being negotiated; it would set only a common minimum rate, and Britain could retain its exemption of "social items" from the tax. Some members also oppose a reduction in the rates of "sin taxes" (on alcohol or tobacco). At the meeting of the European Council in December 1988 Mitterrand threatened to delay the lifting of controls on capital movements until a common scheme of taxation on interest and dividend payments was devised, so that French investors will not be tempted to send their money to countries where such taxes are low or applied only to residents. But after the Bonn government decided to scrap its domestically unpopular withholding tax on interest, the EC Commission's attempt to devise a common withholding tax collapsed.

In two important areas not covered by the White Paper, divisions persist, hindering progress. Many officials believe that the unified market will require a centralized monetary system, with a single currency (the European Currency Unit or ECU, which exists already but plays only a minor role in transactions) or at least fixed exchange rates between the national currencies, and a central bank. Otherwise, once capital movements are free, currency volatility might increase and put unbearable strains on the present European Monetary System. This drive is resisted both by Britain, eager to preserve some autonomy for the pound, and by the Bundesbank, which plays in fact the role of a central bank for the EMS and is, as a national bank, freer in its decisions than if it were transformed into the equivalent of the Federal Reserve for 12 countries. Moreover,

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the West Germans insist that any central bank would have to be independent of political authority—whereas the Bank of France is an instrument of government policy.

In April 1989 a committee headed by Delors proposed a three-stage plan toward full monetary union, but the European Council, meeting in Madrid in June, avoided a showdown with Prime Minister Thatcher by agreeing only to proceed with the first stage—reinforced cooperation in economic and monetary policy. It agreed to plan an intergovernmental conference to prepare the later stages (and to revise the Treaty of Rome to allow for the transfers of state power that monetary union would require). Such a conference would require unanimity to succeed. Ultimately, unless Britain's position changes, its partners will have to choose between a highly diluted version of the Delors plan and a union without Britain.

The other area in which sharp disagreements persist is "political cooperation," the code name for diplomatic coordination. At the council meeting in Rhodes in 1988 the 12 leaders were not able to agree on a common response to the new position of the PLO, even though, in the late 1970s, some progress had been made in establishing a common West European stand on the Arab-Israeli conflict. Nor has there been a unified response to Soviet leader Mikhail Gorbachev's initiatives and calls for a "common European house": French distrust, British caution and the West German wish for a new and generalized détente do not blend. Indeed, the desire of all three countries for some diplomatic autonomy will continue to set limits to diplomatic harmonization, and keep this area from being as successful as the path to the single market. But the increasing importance of economic issues in world affairs is likely to reduce the difference between the Community's well-established foreign economic policy and its shakier political coordination, as in the case of its relations with Eastern Europe.

V

These hesitations and divisions show not only that "1992" is going to be a long and difficult process, but also that the shape of the future European entity remains uncertain, dependent on the personalities of the main statesmen, on the economic situation of Europe and on the international political climate. The enterprise can proceed as long as there is, if not a common purpose, at least sufficient ambiguity to accommodate a variety of national purposes: Bonn's desire to find in the Community

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both a field of economic power and a legitimation of its links with the German Democratic Republic and of its Ostpolitik, France's intention of tying the Federal Republic solidly to Western Europe (in exchange for the reduction of French economic and monetary autonomy), Spain's will to become a major player in European affairs and to pressure its economy into efficient modernization, and Britain's enthusiasm for deregulation. But sooner or later these ambiguities will have to be clarified. At present there are two sets of uncertainties: internal and external.

The first internal one is the main object of debate between Thatcher and Delors. The British Conservative leader sees the new enterprise in the perspective of economic liberalism, as an exercise in removing obstacles to the free movement of people, goods, capital and services. Her Europe is a true common market, with as little governmental intervention as possible. In this respect, she is the heir of British policy in the 1950s, which aimed at the creation of a vast free trade area in Europe and established the European Free Trade Association (EFTA) with those continental West European states that had not joined the Six, precisely because the latter wanted to build a common entity.

Delors acknowledges that economic integration must precede social harmonization and that deregulation must come first. However, the French Socialist leader, who has devoted most of his public life to issues of social policy, emphasizes the need for joint actions, for a framework of European rules and institutions to guide and discipline the market and to prevent the social and regional injustices that unfettered competition—especially among gigantic firms and conglomerates—could produce. As he has often put it, "savage capitalism" is not his ideal; cooperation must temper competition and harmonization must complement the destruction of barriers. What is at stake is the extent to which the new Europe will be the preserve of businessmen and of the market-oriented conservatives, rather than a more social-democratic Europe in which public power will have a major role and workers will feel protected.

The second, and connected, internal issue concerns the institutions of the new entity. The deregulated market dear to Thatcher needs no other institutions than the present ones, and, indeed, requires that the central bureaucracy in Brussels remain weak. The trouble is that the main actors in this market, the business elites, may end up being accountable to no one,

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and in a position to manipulate both the national and the central bureaucracies that try, often competitively, to control them. Delors' vision is far more institutional; he wants if not greater powers for the European Parliament at least a more energetic supervision of Community decisions by the national parliaments, and above all more powers of enforcement for the EC Commission, so that its directives will not be disregarded by states with very strong bureaucracies (France) or states with very messy ones (Italy). He also wants increased independence for members of the commission; when a government doesn't like the activities of the commissioner it has designated, it can simply refuse to reappoint him, as Thatcher did in the case of Lord Cockfield, the author of the White Paper.

Against such a conception, Prime Minister Thatcher invokes the defense of British sovereignty, just as de Gaulle insisted on French sovereignty. (But he was more consistent: he believed in a highly interventionist state, whereas she believes both in the British state and in an open, unfettered market.)

What is at stake is the future of the nation-state in Western Europe. Delors' logic is ultimately that of the construction of a federal state, albeit one that would deal only with issues that the member states cannot resolve by themselves (this is the "principle of subsidiarity"). The transnational market would be accountable to the federal government. Member states would have extensive residual powers in areas such as education or justice, but the central institutions would regulate and supervise the common economy and ultimately the common defense and diplomacy. Legitimacy would be provided by universal suffrage, expressed in the election of the European Parliament.

Other "Europeans" who reject Thatcher's stand nevertheless hesitate to follow Delors. In truth, most governments find it easier to cede powers to the market than to a central government above them. If they prevail, the new entity will be a very original experiment indeed, a construction in which there will be extensive common functions, but functions carried out through bargains negotiated among and enforced by the member states, and where loyalty will remain centered in the nation, as it is today. (Open any European newspaper: national issues, and particularly the distinctive features of national politics, dominate the daily news.) At best loyalty will be split, unevenly, between the nation and a Europe with rather weak central institutions.

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Whether such a confederal model could last is a fascinating question. Both the United States and the Swiss Confederation have moved from such a condition to a more federal, which means more centralized, state. But the differences among the 12 members go much deeper than those among the Swiss cantons and the states of the United States of America.

Some believe that the more the members are willing to pool and to share their theoretical sovereignty, the stronger will be the need to build up the central institutions, especially after Prime Minister Thatcher is gone. In this view, she represents, like de Gaulle, a transition between the imperial past and the European future, during which nationalism—combined with a pragmatic albeit distrustful view of European cooperation—serves to restore national self-esteem, a necessary prelude to any abandonment of sovereignty.

But others argue that the more the states' effective sovereignty shrinks, the stronger will be their determination to protect what is left of it, and to find ways of controlling the growth and direction of the institutions in Brussels. Some believe that the demands of the disadvantaged or victims of economic integration will lead to action at the Community level, others fear a strong national backlash—especially if redistributive efforts at the Community level are limited both by the size of its budget and by the constraints of the EMS.

The differences among the members will be even greater if the Community expands further and admits Turkey, the most recent candidate, and such possible new applicants as Norway and Austria. This raises the questions concerning the Community's relation to the outside world, the second set of uncertainties. Already, the Community has a wide and complex network of agreements with external associates in Europe, the Middle East, North Africa and a large number of former colonies in Africa, the Pacific and the Caribbean. The move toward a single market has placed on the agenda the problem of the Community's relations with the EFTA countries, with which it would like to make new arrangements collectively rather than having to deal with the separate demands (or applications) of the six members. The Community's members are reluctant to admit Austria because Austria's neutrality is seen as a handicap for the common diplomatic and defense policy of the future. Also, the European Parliament is on record against the admission of Turkey, whose demographic growth

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is deemed unmanageable in a Europe whose people could circulate freely.

The issues that excite Americans most are those of the external economic orientation of the enterprise. Will it be "Fortress Europe," a protected market, or will it be an open Europe? Clearly, the purpose of the whole effort is not merely to increase wealth by removing obstacles to production and technological progress, but also to increase Europe's power in a world in which economic and financial clout is as important as military might. The current transformation is aimed at making the penetration of external markets, through trade and investment, easier for European countries, many of which depend on exports for their growth and have capital available for placement abroad. It is also aimed at minimizing the penetration of the Community by forces deemed unfriendly. American entrepreneurs or officials are not the main targets (although France wants to curb U.S. programs on European television), but it is difficult to devise external barriers against Japan or South Korea that do not affect U.S. investors and companies as well.

The main bones of contention (in addition to such hardy perennials as the Common Agricultural Policy, which favors European farmers at the expense of American farm exports) are found in two sectors—neither of which is covered by the rules of the General Agreement on Tariffs and Trade, that somewhat graying Bible of free commerce (from which recent U.S. trade legislation departs considerably).

One is the domain of financial services. Foreign banks and insurance companies will be allowed to set up branches in the EC if reciprocity is granted by their country to European banks and companies. Americans are not justified in believing that this means the exclusion of American establishments because the legislation of certain states of the United States is restrictive. The Community has moved toward a very lax definition of post-1992 reciprocity; banks and insurance companies already operating in EC countries before 1992 will be treated as European.

Access of foreign companies to key sectors of public procurement is likely to remain restricted, however, even though American companies established in Europe qualify as European companies.

A third area of possible contention is the automobile industry. The Europeans want to keep Japanese car imports down

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as long as the Japanese market is closed to their cars, and they might impose a quota on cars produced in the United States with predominantly Japanese capital or a high content of Japanese parts.

A protectionist Europe remains unlikely, however, not only because of international legal obligations, but above all because of West Germany's and Britain's opposition, the many alliances between EC and non-EC (American, Swiss and Swedish) enterprises and the high level of European investments abroad. (In 1987, European companies invested $37 billion in the United States, but American ones invested less than $2.5 billion in Europe.) However, much will ultimately depend on the state of the world economy and on the behavior of the United States and Japan. All one can see at present is a tendency both in the United States and in Europe to give a more restrictive interpretation to the notion of reciprocity—one that looks at outcomes in specific sectors rather than at the fairness of procedures and at overall bargains. Also likely is the continuation, in Japan, of a strategy aimed at maximizing the global power of the industries in which it has the lead. A world economic recession could not only turn the world economy into a contest of protected regional blocs, but could also slow down the dismantling of barriers and definition of joint policies within the Community.

VI

The external economic orientation of Europe will also depend on the international political context. Until now, the cold war and the importance of the Atlantic alliance to the United States and its European allies have had a dampening effect on trade quarrels. The United States has tolerated what it sees as European protectionist measures because the prosperity of Western Europe was an overriding American goal, and the need to preserve the American military protection of Europe has often caused the Europeans to react with moderation to American economic demands or restrictions.

If the Soviet-American contest should cease being the most important issue in world affairs, conflicts of economic interest among allies might well escalate, and both sides might behave more like blocs competing for economic and financial preponderance than like partners submitting to the same rules of fair competition, free trade and monetary cooperation. This would be the case especially if the Community progresses far beyond

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the present stage of the EMS and begins to pool its foreign exchange reserves, to oversee the creation of national money and to use the ECU more widely.

The other external uncertainty is precisely the one that concerns the role of Europe on the world's diplomatic and strategic stage. The cold war has dominated that stage and the United States has felt strong enough to maintain its forces in Europe, its nuclear guarantee and the structure of NATO. In this situation, the different strategic priorities of France and West Germany, the different weapon systems of the British and French nuclear forces, the different assessments of the Soviet threat and of the perils and benefits of arms control among European countries, the institutional split between those that are part of the military organization of NATO and France, which insists on its autonomy—all condemned the European undertaking to remaining what is sometimes called a mere civilian power, or a merchants' enterprise.

If the cold war continues to fade and the United States shifts its priorities to other issues and other continents, the West Europeans—still too close to the Red Army for comfort, but less dependent on American presence and protection against a clearly more defensive Soviet Union whose own priority had shifted to internal reform—would find it easier to build, over time, a common defense scheme with joint weapons procurement, a respectable conventional army (largely West German), a Franco-British nuclear shield and a predominantly deterrent strategy. We have not reached that stage yet; at present the negotiations on conventional force reductions are a NATO affair, and the West Germans are eager for military cuts, economic cooperation with the Warsaw Pact countries and political détente—rather than for a new West European security system. But the moment might arrive later, after conventional reductions have begun and the presence of both superpowers in Europe has shrunk.

In the more relaxed international climate of recent months, an economically powerful European Community has already begun to exert strong attraction on the countries of Eastern Europe, and to help the gradual transformation of two former Soviet satellites, Poland and Hungary, into states whose relation to Moscow would be comparable to Finland's. The new role of the Community in coordinating assistance—even from the United States—for Poland and Hungary was recognized by the leaders of the seven major industrialized nations in Paris

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on July 15. In the past, when the cold war heated up, the Federal Republic's allegiances to NATO and to Europe increasingly conflicted with the desire, not for German reunification, but for a rapprochement between the two Germanys, even though the Western orientation always prevailed. In a climate of détente, the two directions become far less divergent, and a strongly European Germany can have more influence on its neighbors to the East.

Thus, in the diplomatic and strategic realm, much depends on the fate of Gorbachev and on American policy toward him; here, unlike in the economic realm, Europe is not a full-fledged actor yet, and whether it becomes one will be settled by those very outside forces that have, since the Second World War, divided the old continent and dominated their respective halves.

The will to build a European entity, spurred by the ineffectiveness of purely national solutions, exists without a doubt in the economic domain, but the devaluation of the nation-state does not mean its demise, even in this area. In the traditional domain of power politics, paradoxically, the progress of European unity depends on the devaluation of power politics—something that has often been prophesied, but has never in the past lasted for very long. Will the logic of economic efficiency and the fear of modern war combine to make the future radically different from the past?

The answer will depend, in part, on the lifting of a last uncertainty, which is both internal and external, and which could affect the Community even—indeed especially—if the future is different and if the fears of military insecurity in Western Europe diminish. It concerns West Germany.

There can be no European Community without Bonn and Paris. In Paris a new generation of politicians and high civil servants appears to have come to the conclusion that France's national objectives—except, perhaps, in the realm of nuclear weapons—can only be reached through European means. But some Europeans fear that the Federal Republic, now the dominant economy in Western Europe and (largely thanks to this) the central player in East-West relations in Europe, might in coming years reach exactly the opposite conclusion. They fear that Bonn might find excessive the burdens imposed by the Community (for instance, German contributions to the costly Common Agricultural Policy and to the structural funds that subsidize the poorer members), that Bonn might decide that

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West German industry is sufficiently strong, and that West German interests in Eastern Europe are sufficiently distinctive and important to make further ties between Bonn and the other Community members unnecessary, rendering obsolete the function of legitimation that the Community provided when Bonn was weak and widely distrusted.

Until now, in truth, the balance of benefits and burdens imposed by the Community on West Germany has been very favorable (e.g., West German farmers are admirably protected by the Community). While the recent behavior of West German officials and businessmen (such as Foreign Minister Hans-Dietrich Genscher's enthusiasm for Gorbachev, Kohl's about-face on the taxation of interest, and West German refusal to buy the superior French technology for fast railways) and the prospect of a Socialist-Green coalition government in the future have awakened such fears in France, the nightmare of Bonn's emancipation from its Western orientation appears unwarranted. However, the need to provide West Germany with sufficient benefits to keep this orientation worthwhile may itself create tensions in other countries (for example France, whose population is growing faster than Germany's, may want greater possibilities of economic growth than the Deutschmark-dominated EMS allows). Will France and others be willing to tolerate West German hegemony in the Community under any circumstances or in every field?

Such a predicament might well never occur, however. Each of the major West European players might continue to display enough of a mix of strengths and weaknesses to rule out the preponderance of any one of them. In the near future the Community is likely to keep progressing, although more laboriously as the tougher issues, long postponed, have to be faced; it is also likely to serve at least as a common shelter against an eventual recession, unlike in the 1970s. Ultimately, as in the 1950s and 1960s, the European Community's capacity to unite and its limits will be shaped by the events in, and the moves of, the other major countries of the world at least as much as by the patchwork of ties established among the interest groups, the parties and the people and by the domestic politics and economic performances of its member nations.

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Claude Imbert

THE END OF FRENCH EXCEPTIONALISM

In this year of 1989, France has been celebrating the bicentennial of its revolution at a time when the myth attached to that event is in the process of dying out among the public at large. The French have spent the past two centuries building a dream of their revolution, either to damn it or to exalt it.

During the nineteenth century the dominant attitude was one of condemnation; in this century the event has become definitively sanctified. So much so that the dominant ideology up to this point in the twentieth century has seen the revolution as a kind of "legend of saints." One Marxist school of historical thought, which holds the revolution to be unfinished, has seen the event as a kind of happy precursor of the Bolshevik Revolution of 1917. From this point of view, the terror was a cruel but essential stage in the human race's long march of progress. For the past century this perspective colored not only the opinions of the French left, but also that of most teaching in state schools. It is this myth that has given French politics its singularly lyrical quality, making Paris for so long the center of theatrical ideological debate.

At the present time that particularly French passion which leads intellectuals and politicians to want to build society according to theoretical constructs is coming to an end. It was born from a revolutionary mythology and it is dying at a time when that mythology is fading away. The current phrase in France is that "the revolution is over," which means that modern historians have blown to pieces its legendary dimension, and that above all, the long ideological furrow plowed by the country's history through two centuries is coming to an end. Thus, the bicentennial marks the end of a historical cycle.

The French people are proud to have given the world the Declaration of the Rights of Man. But they are no longer one bit proud to have invented the guillotine in 1793, and along with it a theory of political violence that would claim Lenin as one of its later disciples. The French are proud to have been among the first countries to have laid down the sovereignty of

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the people as a basic principle of their republican constitution. But at the same time the French are conscious that six of the 12 European Community countries remain monarchies, and that the citizens of those lands are no less free than they.

The French are proud to have played a leading role in the history of the West in 1789, but they no longer believe that their model is unique. They have since learned, in their schools, on films and TV, that both England and the United States had preceded and inspired their revolution. They are even pretty well convinced today that the process that pushed events toward revolutionary terror also ushered in, after the dictatorship of Napoleon, a long period of political and economic stagnation that cost their country the leadership which it had enjoyed on the eve of 1789, both in terms of population growth and industrial creativity. Asked recently to pronounce a new sentence on King Louis XVI, after a television dramatization of his trial, French viewers voted against execution; they would have preferred to send him off to quiet exile—to Monaco, perhaps.

II

This change in the political mentality of the French marks the end of a certain dissonance in the concert of Western nations. And it is only the latest in a series of rapid changes. France has no doubt seen more of such developments than any other European country, the most traumatic of them being the defeat of 1940. For although they may pretend to have forgotten all about it, the French know in their heart of hearts that their country collapsed in humiliating conditions, even if later de Gaulle, the Resistance and above all the Allies allowed France to scramble onto the bandwagon of victory.

But then in 1945 the rise of the strategic power of the United States and the Soviet Union and the internationalization of the world economy were to sound the death knell of France's status as an imperial power. For the next 25 years, until 1970, France was to spend a good part of its political energy on one of the most delicate operations in its history: the decolonization of its vast African empire and the repatriation of some two million of its citizens from Morocco, Algeria and Tunisia. The Fourth Republic (1945–58) was to start the process in sub-Saharan Africa and in Morocco and Tunisia. But de Gaulle had to return to power in 1958 to realize the hardest part: the inde-

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pendence of Algeria, which the local French settlers and some of the army were refusing.

Throughout that difficult period one man, General de Gaulle, applied his prestige and historic authority to the much needed liquidation of long-standing national traditions. Not only did he crush the military revolt, but at the same time he ended the French right's resistance to change and its nostalgia for nationalistic causes. And then, 25 years later, it was the turn of General de Gaulle's main opponent, François Mitterrand, a representative of the doctrinaire socialism of the left, to end the "exile" of his own political current, which had channeled itself away into a Marxist ideological ghetto.

The convergent paths of those two irreconcilable adversaries highlights the mysterious, roundabout ways in which French history works. Just as de Gaulle started out with the support of the right and the Algerian settlers, only to prod them gradually, using both cunning and teaching, toward acceptance of a historical necessity, so Mitterrand in 1981 became the presidential candidate of a Socialist movement that claimed to break with capitalism, and which was to have the upper hand in France until 1983. But Mitterrand had taken care to avoid a split with either the Atlantic alliance or with Europe. He was soon to realize the unsustainable contradictions between his international commitments and his Socialist project; his adherence to the system of the market economy was seen to be inconsistent with his national utopia. By 1983 the obvious failure of French-style socialism (nationalization, increased spending on social programs and accelerated cuts in working hours) had painted the government into a corner; Mitterrand opted abruptly for a return to economic and monetary rigor.

In fact, and without admitting it, on the day in March 1983 that French socialism decided not to leave the European Monetary System in order to pursue a more traditionally leftist economic policy it was making the same radical switch that had pushed West Germany's Social Democrats to reject Marxism at their 1959 Bad Godesberg congress. The French Communist Party speeded up even further its impressive decline: from 28.3 percent of the vote in 1946, it slid to only 11.3 percent in the 1988 parliamentary elections, and 7.7 percent in the European Community (EC) poll of 1989. Since 1983 the French left, led by Mitterrand, who was reelected to the presidency in 1988, has quietly brought an end to the ideological war that had split the country's public opinion for a century. A strong majority

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consensus has now formed around the principles of a market economy, and a political system similar to that of the other major Western democracies.

The outcome of all this has been that in less than half a century an essentially traditionalist and elitist right has accepted modernity and democracy in social life, while an egalitarian and protectionist left has thrown in its lot with the selective laws of the market and free trade.

As a result power has passed from the right to the left and back again three times in seven years—in 1981, 1986 and 1988—without the slightest disorder. And we have even seen a left-wing president cohabiting with a right-wing prime minister. It is true that the latter episode does not stand out as a model of strong and coherent government, but at least the acceptance of political institutions won out, perhaps for the first time, over age-old passions.

It should not be concluded from the above that the political scene has ceased to be characterized by conflict. The Communist Party remains on the scene as a small but determined electoral rallying point for the discontented, while Socialist activism remains tinged by backward-looking ideological beliefs that may yet have a last fling. But overall, and in spite of spells of egalitarian demagogy during election campaigns, the general drift sees the extremes withering away.

This change in French political life, which in fact has taken place with relatively little upheaval, has only reflected the accelerated tearing-away of civil society from the past, perhaps the most abrupt change that France has experienced in all of its long history. In forty years, the number of French people living in cities has grown from 20 million to 40 million, while the ranks of the farming population have shrunk from 7.5 million to 1.5 million in 1985. The number of non-salaried workers—farmers, shopkeepers, craftsmen and so forth—has been cut by half, while that of white-collar executive staff has doubled.

When one considers how many French political traditions had their roots in rural culture and individualistic economic activity, and remembers that even in the nineteenth century France was already falling behind England and Germany in terms of industrialization—if one thinks of what the transformation means for French lifestyle, ideas and behavior—one realizes that France has been through perhaps the most profound economic, social and cultural changes of any country in

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Western Europe. The strong wind of modernization has blown like a tornado through the old France of dreaming spires and peasant lots. True, it has not yet worn down the centralizing Jacobinism of Paris, but the new era has seen the renaissance of several large regional cities whose economic interests have suddenly spilled over France's borders: Toulouse and Montpellier now look toward Barcelona, Lyons toward Geneva and Milan, Lille toward London, Brussels and Amsterdam.

Meanwhile the educational system and television have in two generations succeeded in unifying a language that less than 50 years ago was still characterized by defiant regional dialects. A society formerly rooted in the earth, in provincial tastes and self-sufficiency, divided by well-marked ideological frontiers between Christians and non-believers and between clannish left and right political factions, has been tumbled and turned and mixed up as never before. The result is that a political consensus, previously so elusive, has been built upon the ruins of France's old order.

III

This consensus can now be found, more or less explicitly expressed, on the three key foundations of the French state: its institutional arrangements, foreign policy and defense.

France's current institutions, those of the Fifth Republic, were the result of General de Gaulle's determination to create a strong executive. This was required in order to cure the country of the instability of the Fourth Republic, in which the party system had led to precarious and ever-shifting majorities: between 1946 and 1958 there were no less than 22 governments, of which 11 lasted less than six months.

The bedrock of the current system is the election every seven years, by universal suffrage, of a president who appoints the prime minister, and who has the power to dissolve the National Assembly and call new elections. It was an institutional system strongly and consistently criticized by François Mitterrand during the rule of de Gaulle. But then once he was elected, Mitterrand slid easily, and with apparent pleasure, into a mold that he had formerly found so hateful. And although he continues to say, without insisting too much, that the system is imperfect, he has not so far chosen to change it. Whatever the imperfections of the system—the main one is that it favors a drift toward a type of "monarchical" government—public opinion has taken to it without any major problems. The most

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one can expect is that the seven-year term of what is in essence a "republican monarch," a concept so well adapted to the French mentality, might one day be shortened.

It is true that Mitterrand's reelection in 1988 to a second term raises questions about the wisdom of concentrating power in the same hands for 14 long years. And although it seems out of the question that the constitution would be reformed in its basic principles, one may see a growing demand for either a term of five years, renewable once, or for a non-renewable term of six years. If things start to get difficult for the current president toward the end of his second term, he may decide to give himself some breathing-space by proposing such a reform. But the basic point is that up to now the institutions of the Fifth Republic have been well accepted by the population as a whole.

The same progressive movement toward consensus can be seen at work in the field of foreign policy. Here it is the Gaullist right that has gone through the biggest changes. Its often stormy nationalism has been relaxed; above all it has progressively shed its objections to the European Community. And the European Parliament elections of June 1989 saw the Gaullist party of Jacques Chirac throwing its weight behind the centrist and very pro-European list headed by former President Valéry Giscard d'Estaing.

On the question of Europe, and the idea that France and West Germany should form the basic tandem pulling the rest of the European Community along in its wake, Giscard and Mitterrand have very few quarrels. Unlike Britain's Prime Minister Margaret Thatcher, both are in favor of pushing for the quickest possible progress toward a shared EC currency. And neither is against giving up certain aspects of national sovereignty to Community mechanisms. When the integrated economic foundations of the EC have been laid, both favor building a political Europe, a project that for the moment is only opposed by minority extremes in the Communist Party and a small far-right group that is not currently represented in parliament.

On other fronts, Mitterrand is pursuing the same policies as his predecessors with respect to the Arab and African worlds. Even though his "Third-Worldist" tendencies are more pronounced—witness his support for reducing the debt burdens of various poor countries—and in spite of the divergences he has expressed in the past from U.S. views on Latin America,

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continuity has been the keynote of his foreign policy. It has caused absolutely no major divisions in public opinion.

On East-West relations, France has for a long time shown more prudence than its European partners concerning the progress of disarmament. In fact the views of France's public and its president are today more in tune with the careful approach of President George Bush than they were with the idealistic policies of the Reagan Administration at the time of Reykjavik summit. It has to be added that the proven popularity of Soviet leader Mikhail Gorbachev has never sparked the same enthusiasm it has in "Gorbymaniacal" West Germany.

On the third and last point, that of defense, Mitterrand dropped his hostility toward France's independent nuclear deterrent even while he was still in the opposition. And since he has been in power he has cast himself as the heir to the Gaullist tradition, the vigilant defender of France's nuclear industry, both in the military and civilian fields.

IV

Such impressive changes in the French political landscape could not have taken place without leaving scars. Although the political scene today appears calm, civil society has been deeply affected by its various upheavals. The most spectacular of these has been the decline of Christianity. In fifty years the country that liked to call itself "the Roman Church's eldest daughter" has seen the decline of the political, moral and social authority of Catholicism, with spectacular effects.

Consider that for centuries the Christian system was the major source of inspiration and unification of the French nation, that it inspired French law along with both individual and collective morality, and you will get some idea of the hole left behind by its decline. For a time the socialist ideology, with its promise of a heaven on earth, provided a kind of substitute religion, a secular source of hope for those on the left. That too has now collapsed. And the psychodrama of the failed student mini-revolution of 1968, with its quickly extinguished fireworks, brought the demise, more cultural than political, of an old social and psychological order, that of authoritarian social relations in the school and workplace. It also hastened the advent of more permissive sexual mores, which have now become general throughout the West.

The economic crisis, the huge industrial transformation that has accompanied the decline of such old sectors as steel making,

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coal mining and textiles, has left ten percent of the active population out of work. The phenomenon of unemployment persists, and is today much worse than in Britain or West Germany. In spite of a welfare system that makes it less explosive, unemployment increases the isolation of hundreds of thousands of people and has given birth to forms of delinquency and insecurity that are worrying to a people who in spite of their individualism are great lovers of public order.

Finally, an immigrant population estimated at around 4.5 million, of whom some two million are of North African origin, sparks feelings of alienation and exasperation in areas in which thresholds of acceptability are exceeded. The French people, themselves the result of some twenty centuries of racial mixing, have a well-established ability to assimilate newcomers. But through its size the influx of Arab Muslim immigrants is proving much more difficult to integrate than was that of Italians, Poles and Spaniards at the start of the century. The current immigration, amplified by a difficult-to-control phenomenon of illegal entry, is a key question in determining the future of France; it could become an advantage, if it does not get out of control, in bolstering France's birthrate. The French fertility rate of 1.8, though one of the highest in Europe, is nevertheless insufficient to ensure renewal of the population. On the other hand, immigration could also present risks if the rate of integration falls and if schooling and professional training for the newcomers are inadequate. Then Islamic and North African ghettos within France could reach a flash point.

None of these upheavals have so far resulted in any civil disorder. On the contrary, social change has been peacefully managed. But it has nevertheless created points of tension, and stiffened the resolve of the conservative resistance.

The most spectacular and most talked-about phenomenon has been the emergence of a far-right movement under Jean-Marie Le Pen. From 1983 to the presidential election of 1988, when its vote peaked at 14.3 percent, the success of Le Pen's National Front party has mainly been built on fear of change.

Contrary to what has often been said, and in spite of the racist tendencies of some of its activists, Le Pen's party is not "fascist" in the true meaning of the word. It is the product of the shock caused by modernization; it attracts voters from outside the regular parties, who have suffered from the effects of the economic crisis. Its influence spreads among working-class people who are in contact with immigrants. Like the

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recently emerged West German far-right party, the so-called "Republicans," Le Pen targets fears of AIDS, of homosexuals, outcasts and all other kinds of "differences." But his basic political platform, for tradition and order, is not very different from that of the old-fashioned right in many Western democracies. In France, however, the right-wing parties that take part in government, be they Gaullist or not, have now become centrist and modernist, and have no time for the simplistic messages demanded by a part of their working-class electorate, who seek a return to the past and the defense of traditional moral values and patriotism.

Le Pen therefore fills a need; he is to the right what the Communist Party, or rather the remains of the Communist Party, is to the left. But his influence today is weak; in the last parliamentary elections in June 1988, held under an electoral system which admittedly worked against him, he lost two million voters—i.e., the equivalent of half of the people who had voted for him for the first time in the preceding month's presidential tally—to win only one seat. In the Euro-elections of June 1989 he took 11.73 percent of the vote and will send 10 of France's 81 members to the EC Assembly in Strasbourg.

A second effect of the great upheaval in French ways of thinking has been a certain political listlessness among the public. A turning-away from collective interests has occurred in several Western democracies; in France it appears more marked than elsewhere. And as elsewhere, it has gone hand in hand with a strong trend toward individualism, even narcissism, a desire for personal well-being and "making it." The recent appearance on the scene of several private TV channels, where previously there was only the state broadcasting monopoly, has resulted in a huge increase in exposure to advertising, sharpening the French passion for "keeping up with the Durands." The media explosion has replaced the idea of success through ability with that of success for the sake of success, at a time when critical thought has been devalued by the vanishing of France's traditional intellectual authorities, and the collapse of the influence of academics.

The decline of political passions has weakened even the French people's image of their own nation, so that politics is now viewed with irony, disillusion and skepticism by many people. The result is that no less than 34.3 percent of eligible voters stayed away from the last parliamentary elections, an unprecedented development for France. And in the June 1989

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Euro-elections only one voter in two went to the polls, although it has to be admitted that the issues to be decided in that vote did not strike most people as being very clear.

At the same time France's political parties are recruiting fewer and fewer new members. In fact, France has a lower proportion of card-carrying members of political parties—less than two percent—than any other nation in the EC. As for the trade unions, which have always attracted fewer recruits than elsewhere in Europe, they are experiencing a new and impressive decline, losing around half their members over the past decade. Only around ten percent of salaried workers are now members of unions.

V

The transformation of French society is running into two major types of resistance. The first is caused by the high burden of spending on social programs. Over the past thirty years successive French governments have sought to ease the pain of modernization by continually broadening the scope of state aid to various categories of people. The left did it out of conviction, and from what remained of its ideology. But the French right was for a long time also a big spender on social programs, beating even Social Democratic governments in other European states. Ninety-nine percent of French people are now protected by a health insurance system that is both the most protective and the most ruinously expensive of any in the West. The unemployment benefit system is the most generous in Europe. French companies have of course played their part, a very onerous one, in financing this increase in costs. But the result is that the level of all types of statutory deductions from earnings—taxes plus health insurance and other social programs—is one of the highest on the continent.

President Mitterrand, during his socialist utopian period from 1981 to 1983, piled on further pressure, in particular by reductions in the retirement age which have proved so expensive, and which are now slowly and painfully inching back. But even under the liberal governments of the Giscard d'Estaing presidency, from 1974 to 1981, France had a more "socialist" economic structure than did West Germany under the Social Democrat Helmut Schmidt. The coming to power of the Socialists under Mitterrand in 1981 inevitably accentuated the process. Since 1983 the Socialists have mended their costly ways, but commitments already made in the fields of health,

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unemployment benefits and retirement rights have already had a ratchet effect, making it difficult to turn back.

The resulting situation is a serious handicap for France at a time when the mechanisms of EC integration require that the 12 member nations harmonize their tax systems in order to lay the groundwork for monetary union. France may well try to persuade its partners to bring their systems closer to its own, but many European countries—and not only Thatcher's Britain—will refuse, considering such a course of action to be harmful. Which means that, to start with, France will be obliged to cut its indirect taxes, and in particular its value-added tax rates, thereby slashing state revenue. And as the 12 have agreed that from July 1, 1990, capital must be allowed to circulate freely among them, France is going to run into a new difficulty. If it tries to make up the shortfall by a new wealth tax, as some observers have suggested, money will immediately flow out toward other member states that tax capital income at lower levels.

Although France's economic outlook is fairly good, with growth at 3.7 percent in 1988, up from the previous year's 1.9 percent, unemployment remains at around ten percent. The risk of a new wave of social unrest arising from this situation cannot be ruled out.

The second major handicap for France is the state's own resistance to change. Thanks to the decline of ideology, the state has lost much of the historical prestige it inherited from the Jacobins. It nevertheless continues to be a heavyweight machine, too much so for a modern economy founded on liberal principles. The privatizations carried out by the government of Prime Minister Jacques Chirac stripped off a bit of the excess weight, and the present Socialist government has not threatened to turn the clock back. But the rate of state spending as a proportion of total national income still remains one of the highest in Europe. It is true that the French state can claim some clear technological successes, such as a space program, nuclear power, high-speed trains and an aeronautical industry that includes such projects as the Airbus passenger plane. But at the same time the state's inherent growth, which equals or exceeds that of the economy as a whole, has turned it into an obese, insatiable monster employing no fewer than 4.5 million civil servants.

And the more the state grows, the poorer its parts become. The teaching profession, for example, with its mass of one

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million badly paid employees, has been described as "the biggest army in Europe after the Red Army." It has become a giant, difficult to administer and even more difficult to reform. Meanwhile, the budget of the Justice Ministry is no longer big enough to cover necessary expenses.

To sum up, reform of the state system, a break-up of civil service pay scales and the modernization of an old-fashioned tax system that still affects to ignore the principle of deduction at source have become urgent necessities for France.

In a system that has been through such profound renewal, the bloated state apparatus has become the last refuge of the sclerosis that used to be called "the French disease." It is the only sector that has so far escaped reform. Above all, the culture of the sovereign state maintains a system which is unique among the major democracies, that of a top-level administrative elite, a caste whose members not only occupy the key state posts but also hold the reins of the political parties (of the left and right), of state-run industries and often of major private companies to boot.

In this field the "French exception" is by no means a thing of the past. The same old state aristocracy still holds the reins of power. Although technically competent, its political efficacy is low, and in general the mistakes it makes are only the ones that really count. Nine of the ten prime ministers who have served under the Fifth Republic have been members of the caste, and its members at present hold two-thirds of all cabinet posts. Meanwhile only three percent of members of parliament come from the ranks of salaried employees, even though that category accounts for two-thirds of the nation's earned income.

The problems posed by this caste system from the point of view of democracy are obvious: politics has become the business of civil servants, and at the same time civil servants have become politicized. And above all, the concentration of various types of power in the hands of a small elite, with a Parisian outlook and training, acts as a brake on the circulation of ideas and the interaction of the diverse outlooks of different professions, regions and social circles. The system therefore militates against the variety and political representation needed to run a modern democracy.

VI

If one takes a step back to get a clear view of the French situation, one sees a former great power with a long history,

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which in less than half a century has succeeded in carrying through rapid change without going through a major upheaval.

However, France's modernization crisis is not yet over. In many respects, its people are still in a state of shock from the rapid transition. The legitimacy of the state is now accepted, but the nation's identity has become less clear-cut. The French as a people are less sure of themselves, less "patriotic"; they are looking for a new course and think they have found it in Europe, even though that avenue contains risks as well as opportunities. The main opportunity is for a collective future capable of giving back to the French people their former ambition and desire for historic challenges. The risk lies in having to submit to Community constraints that are likely to prove tough indeed for a country which has a heavier and more thoroughly socialistic state structure than its partners.

In this Cartesian country which likes clarity of thought, the processes of change seem often obscure and disconcerting. But that is one of the paradoxes of France. For even three hundred years ago, Cardinal Richelieu expressed wonder at the fact that a country "which is so incapable of adhering to goodness finds it so easy to pull itself out of evil."

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Giovanni Agnelli

THE EUROPE OF 1992

In my frequent visits to the United States these days, I am asked most insistently two questions about Europe: "What will happen in 1992?" and "Can a united European market work?" Many Americans are either skeptical about the future of Europe or nervous about it. Some predict that when put to the test a united Europe will quickly splinter under national and local political pressures. Others fear that Europeans will drop their internal trade barriers only to erect a higher new external wall, creating a kind of "Fortress Europe."

I have reason to believe that neither of these doomsday scenarios will come to pass. My hope is not mere irrational optimism, but is rooted firmly in the history of the last forty years. Who would have believed that the very same nations that twice in this century nearly destroyed each other would be as closely united as they are now? If we are able to travel a similar distance in the next forty years, a truly united Europe is well within our grasp.

When I think of the progress we have made, I always remember the first trip I made to America in 1939—perhaps the most important journey of my life. Eighteen years old, having just graduated from high school, I was sent by my grandfather to learn as much as possible about the United States and the Detroit auto industry.

The world was so much larger and more divided then. My ocean voyage took four days; now such an excursion takes four hours by plane (and is often made entirely unnecessary by the multitude of electronic ties that bind us). The cultural distance was even greater than the physical divide. I felt then that I had left behind a small and badly split Europe, on the brink of war, and arrived in a country that was the world's center of finance and industry—and yet viewed itself as politically isolated from the rest of the globe.

At the time of that first trip, Italy was a small, largely agricultural nation and Fiat was almost exclusively an Italian company. Now Italy has grown into the world's fifth-largest

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industrial nation, and Fiat—the 34th-largest corporation in the world—is the largest in Europe and is traded on the New York, London and Frankfurt stock exchanges. My belief in the possibility—indeed the necessity—of a united European market comes directly out of this increasingly internationalized experience.

II

The current unity of Western Europe is not so much the result of a utopian dream as it is the political recognition of economic reality: the reality of global markets, the reality of economic interdependence and the reality of competitive pressures—all of which make cooperation essential.

Since the act creating a single European market was signed in 1986, progress has exceeded expectations. Some 279 directives must be put in place by 1992 for the common market to work as planned; agreement has already been reached on 107 of these. The reason that the project has continued to progress and defy the odds against it is that it does not depend entirely on political goodwill; 1992 was born for sound economic reasons and those forces continue to be its engine. Ironically, it was politicians who in 1957 first conceived the idea of a common market—often over objections from the business community. Now the situation has been reversed; it is the entrepreneurs and corporations who are keeping the pressure on politicians to transcend considerations of local and national interest. We believe that European unity is our best hope for stimulating growth and technological innovation, and for remaining an influential presence in the world.

Only a few years ago, Europe passed through a deeply pessimistic period, a time of gloomy soul-searching during which many believed that it was facing an inevitable decline as a world force. Looking at the future it seemed impossible for individual French, British or Italian companies to survive on their own, against much larger American or Japanese competitors. In order to make the kind of massive capital investment needed to keep up in the high-technology race, many European businesses looked to pool their resources with new partners from across the continent. The increased cooperation of recent years—among both private companies and nations—seemed to point the only way out of Europe's crisis. Now, with the prospect of creating an entity of 322 million people with a combined gross national product of $4.2 trillion, Europe has a

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legitimate hope of competing in the world market with resources roughly equal to those of the United States.

Because 1992 has grown out of a recognition of the advantages of a free market, I believe that its success will depend on strengthening Europe's traditional economic and political alliances, rather than excluding the rest of the world. In seeking to accomplish this goal, a host of problems great and small await resolution—from such major issues as the elimination of national border controls to seemingly minor ones such as the standardization of electrical plugs. Some countries are concerned that doing away with border checks will complicate efforts to combat terrorism. Unless every country is convinced that entry points throughout Europe are equally secure, their resistance on this issue will continue. Ironically, however, resolving this problem may prove easier than solving the mundane problem of adopting a standard electrical plug; standardization in this area alone would cost European countries an estimated $80 billion. For now the European Community (EC) has prudently decided to keep three different kinds of plugs. But in many other technical areas—the standardization of safety and pollution control devices, for example—considerable progress has already been made.

One of the toughest, and I believe most important questions remaining, is that of establishing a single currency. The Single European Act of 1986 makes no mention of a European currency. While resolution of this debate will certainly have to wait until after 1992, I believe it is an inevitable development. All of the 12 member nations, except Britain, have keyed their domestic currencies to a new European currency, the ECU, and this system has produced promising results. For example, during the last two years, Fiat has begun to calculate its balance sheet in terms of the ECU as well as in the currency of the various countries in which it operates.

The fact that 25 percent of Europe's combined total income comes from inter-Community trade should make it obvious that there is a limit to independent national monetary policies. Ultimately a truly continental market will demand a standard currency. And all member states—including Britain—officially gave their commitment to this idea at the EC leaders' meeting in Madrid last June.

The idea of defending national currencies seems inconsistent with a borderless Europe. The uncertainty of costs due to fluctuating currencies is a barrier to truly free trade. Imagine

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a California company worrying about the shifting value of different currencies when shipping to each of the other 49 states! The motivation to standardize is likely to come from within the business community; only a year and a half ago a handful of industrialists formed the Association for the Monetary Unification of Europe; since then membership has grown to 150 major corporations.

Europe's internal market cannot do for long without the power represented by a single currency. A European currency would represent a valid alternative to the dollar as a currency of reserve and of international payment, acting also as a stabilizing influence in the world monetary system. This is not a change that can occur immediately, but there are some interim steps that would help smooth the way. Italy, for example, must limit the range of oscillation of the lira with respect to the ECU, and Britain must enter the European Monetary System. We must overcome the pride that continues to see the defense of national currency as the defense of sovereignty. I think it is reasonable to expect the gradual establishment of a federal system of central banks in order to regulate the coordination between the various national currencies and the ECU.

Reforms of the EC's political system have made it much easier to tackle problems of this magnitude. For many years, the political process was made exceedingly cumbersome by the veto any single member of the EC could exercise. The Single European Act changed the rules of the European Parliament, making it impossible for one or even two countries to block changes voted by a large majority.

III

In the first years after 1992, there will be an intense period of competition and restructuring. Businesses that are now in a favorable position may not necessarily be so in the future. In the long run this competition will be a boon to both European businesses and consumers, but in the short term it is indeed possible that some businesses will lose out when national protection is removed. At the moment, European corporations are far from constituting the critical mass necessary to survive international competition on an equal footing.

The process of mergers and acquisitions that has already started in Europe in recent years will continue. When certain companies that have become national symbols become the object of mergers there will be strong protectionist reflexes on

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the part of local governments. (The battle for control of Belgium's Société Général is a case in point.) The EC has already begun modifying some anti-merger legislation in countries such as West Germany and Britain. It is inevitable, however, that mergers and hostile takeovers will remain under some type of regulation, provided this regulation does not hamper the growth of European businesses.

Mergers in the automobile industry present especially delicate political problems. Many of the major European automakers are their country's largest industry, their single largest employer and a source of national pride. But as our market opens up more to foreign competition, a greater degree of consolidation and cooperation is almost inevitable. While the U.S. auto industry is divided among three main manufacturers, in Europe there are more than a dozen, with the largest single automaker, Fiat, holding only 15 percent of all European sales. Cooperation, joint ventures, research consortia and various kinds of strategic alliances will be necessary for European car manufacturers to compete effectively with our larger American and Japanese rivals.

My experience at Fiat in recent years illustrates how one European company has sought to meet the challenge. Starting in 1974 one of our subsidiaries purchased several different European companies and became, in the process, one of Europe's largest manufacturers of industrial vehicles. Fiat expanded within the automobile business itself by buying another Italian automaker in 1986, and the acquisition of a French firm has helped another Fiat subsidiary become one of Europe's biggest manufacturers of auto parts. Then earlier this year, Fiat took the step of listing its stock on the New York Stock Exchange—part of our global strategy. In the process, Fiat has become a company with approximately $38 billion in annual revenues. Thus, I can look to my own experience to make my point: the future growth of Europe's industries lies in their improved access to a continent-wide, even worldwide, economy.

The transition to a truly free market—in the automobile industry and others—will not be instantaneous. At the moment, some nations, such as France and Italy, have import quotas on Japanese cars, while Germany, for example, does not. Because of the importance of various industries, there will clearly be an interim period in which such restrictions are lifted gradually and in a coordinated fashion. Along with strength-

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ening our own position in this period, the EC, acting in unison, must guarantee true reciprocity from the Japanese.

This does not, however, imply the creation of a "Fortress Europe." Europe is today—and I believe will remain—the freest economic region in the world. Let us not forget that 45 percent of American capital currently invested overseas is in equity ownership within Europe. It is a very strange fortress indeed that welcomes its "enemies" to buy parts of its fortifications. The creation of a united Europe was inspired by a faith in the benefits of a free market. To close it off would defeat our main purpose: remaining in the vanguard of industry and technological innovation.

A united Europe with its 320 million consumers represents a great potential market for Japan and the United States. The United States should regard such a Europe as an opportunity rather than a problem, an opportunity to create new synergies in the areas of industrial production and technology. This can happen, assuming that free trade works both ways. Europeans are concerned, for example, that anti-dumping legislation pending in the U.S. Congress may camouflage a new wave of protectionism.

The strengthening of Europe as a united economic and political entity inevitably changes the current world equilibrium. A united European economy has not come about in a vacuum. It is, above all, the result of what is perhaps the chief political development of the twentieth century: the failure of state-controlled communism to fulfill man's hopes and the vindication of the free market system as the surest guarantee of both freedom and prosperity. The current plan for 1992 represents an extraordinarily broad consensus, supported by Socialist, Conservative and Christian Democratic governments. Even some West European Communist parties support the idea of European unity. Such a consensus would have been unthinkable even ten years ago when ideological conflicts polarized the continent.

In North America, the recent trade agreement between Canada and the United States reflects a similar view that both sides will be winners in an open market. And in the Soviet Union, the bastion of the Marxist-Leninist ideal, the Communist Party is abandoning the disastrous collectivization of agriculture (and other forms of state control) in order to restore some measure of private enterprise. It is hardly accidental that

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the momentum toward 1992 came just as Mikhail Gorbachev was attempting to institute his policy of perestroika.

IV

Some in the United States fear that the drive for European unity will widen the differences between the United States and Europe and weaken the NATO alliance. In some ways, the United States and Europe do appear to be growing apart. Ever since Europe recovered from the ravages of World War II and began to create its dream of unity, it has been pushing for a position of greater autonomy. As ideological tensions lessen, West Europeans have a new interest in normalizing relations with Eastern Europe.

The United States, for its part, is looking increasingly toward the Pacific and Latin America. As first Japan, and now Korea and Taiwan, have developed into formidable economic powers, many have begun to see America's future in the Pacific. California has replaced New York as the most populous and powerful state; Los Angeles has grown into an economic capital rivaling Wall Street. While for over 300 years the great bulk of the immigrants to North America came from Europe, the latest waves of immigrants have come principally from Mexico, Central America and Asia. This, too, has changed the country's orientation.

At the same time, there are tensions within NATO that flare up from time to time. The Europeans are alternately grateful for and resentful of American help; they are resistant to spending more on defense and yet become nervous when the United States talks of reducing its commitment to the alliance. The United States is tired of having to twist arms every time it wants to modernize a weapons system and resents having to pay such a high portion of the common defense of the West. Some Americans are concerned that a united Europe will drift away from the United States as it falls victim to Gorbachev's seductive charm.

The current state of U.S.-European relations is of particular concern to me—since contact with America has played such a vital part in my own education. I believe, however, that while NATO will have to undergo major changes, its basic strength and validity have been underscored in recent years. Europeans should not forget that the NATO alliance is the foundation on which we have built one of the most durable periods of peace and prosperity in our history, and we must be careful not to

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risk that for the intriguing but still hazy prospects of glasnost and perestroika.

Similarly, I do not believe that the United States will quickly erase its 400-year historical connection to Europe and 40-year military alliance with its friends there. As alluring as the markets of Asia look, Americans may find themselves more at home in a so-called Fortress Europe than in what are, in truth, the comparatively closed markets of Asia.

In many ways, the Europeans have their American allies to thank for their current unity. 1992 is the child of the Marshall Plan, and the cooperation fostered by a joint military alliance undoubtedly facilitated European political and economic cooperation. The farsighted American administrations of the postwar period understood that a strong, autonomous Europe was in the best long-term interests of the United States. That remains true today.

But Europe must be prepared to pay the price for its autonomy by assuming a greater share of the cost of its defense. The United States, on the other hand, must not try to force military decisions on a reluctant Europe.

Developments in the Soviet bloc may offer a way out of this standoff. The current negotiations in Vienna on conventional forces in Europe could achieve agreement to both significant reductions in and a redeployment of Soviet troops into a more defensive posture. If such a treaty provides adequate guarantees, it could allow the United States to lighten its defense burden and thus ease tensions within the alliance. President Bush's trip to Europe last summer and his willingness to discuss arms reductions on all levels—conventional, tactical and strategic—provides an excellent basis for reducing levels of defense spending while actually enhancing security.

In turn, these reductions may also help the Soviet Union relax its grip on Eastern Europe and allow it to view the westward drift of the East European nations as less threatening. While full of uncertainty, the current changes in the Soviet Union offer both Europe and the United States significant opportunities that should not be rejected out of hand. Although caution and skepticism are in order, it is clear that glasnost and perestroika are more than window dressing.

This thaw within the communist world has special meaning for a united Europe. First, if Gorbachev is serious about opening the Soviet economy, the prospect of an enormous and potentially lucrative new market may be offered. More impor-

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tant, the thaw has the potential of removing the artificial wall that has separated Western and Eastern Europe. Gorbachev may be engaging in good public relations when he refers to Europe as "our common home," but geographically and to some extent historically, he is correct.

This search for common ground between Eastern and Western Europe does not have to come at the expense of the NATO alliance. When Gorbachev began to introduce his reforms many saw them as little more than public relations gimmicks to "decouple" Europe from the United States. That split has clearly failed to materialize.

I am concerned, however, that both Americans and Europeans appear to regard the opportunities of perestroika in a competitive rather than a cooperative manner. Both parties seem to want to go it alone, looking to break into the new Eastern markets first, with the best contract possible.

Precisely because we do not know how the Gorbachev experiment will turn out, we are going to have to feel our way during the coming decades in a spirit of consultation and cooperation. At this moment, Europeans and Americans are debating the question of the extent to which we should grant the Soviets credits to help finance perestroika. This is exactly the kind of situation in which a common strategy is called for. If we each pursue a narrow competitive advantage, we will lose our collective leverage to ensure that reforms keep pace with trade and credit. In exchange for our economic cooperation, we must insist on the dismantling of the Berlin Wall, and with it other less visible but equally powerful barriers between East and West.

This need for cooperation is equally important when it comes to another important area, the Third World. War, tension, poverty, famine, environmental disasters are current and future problems that must be dealt with jointly. Until now, Europe has allowed the United States to shoulder most of the responsibility. The United States has been highly active in helping many Third World countries—and has also felt free to intervene in their affairs, sometimes with unhappy results. Europe has settled into the role of the armchair critic, offering its comments while bearing little of the actual responsibility. Europe has to accept greater responsibility toward the developing world, and unification will give it the means to make a greater difference in world affairs. The United States must abandon the posture of world policeman and explore a more

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multilateral approach. Despite skepticism in the United States, the United Nations has shown that it can play an effective role in resolving some international disputes.

The problems the world faces now and in the future are clearly ones that make close cooperation between the United States and Europe essential. Massive debt, growing poverty, famine, overpopulation, land erosion and other environmental deterioration—all are global problems demanding global solutions. Many are extremely threatening and some are growing more dangerous exponentially.

But whenever I start to worry that such problems of the world of tomorrow are beyond solution, I remember that teenager's first trip to America in 1939, when all of Europe was on the brink of disaster. Notions of a united Europe, a NATO alliance or a United Nations seemed inconceivable.

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Robert D. Hormats

REDEFINING EUROPE AND THE ATLANTIC LINK

The postwar division of Europe is slowly eroding. This is partly a consequence of the thaw in relations between Washington and Moscow. But it would not be possible without the powerful influence of a resurgent and increasingly self-confident European Community. The West Europeans themselves have become the engineers and chief architects reshaping Europe, with economic forces driving the process. The growing unity and prosperity of the EC exert a magnetic force on Eastern Europe, setting in train a process by which the two halves of the continent are steadily reducing barriers to the movement of goods, ideas and people—and largely on terms that support Western values and interests.

The future shape of Europe will depend heavily on whether the Community can achieve sufficient cohesion and prosperity in the next decade to accomplish two tasks: first, to generate centrifugal forces in Eastern Europe strong enough to draw reform-minded nations there more closely into its economic and political orbit, but without threatening Moscow to the point that it intervenes to reverse the process; second, to create centripetal forces in Western Europe strong enough that the West Germans will see any future association between their country and East Germany as taking place in a Community context. If it can achieve these objectives, the EC, by virtue of its moral, political and social—as well as economic—strength, will be well positioned to form the centerpiece around which any future "common European home" will be built, and become the chief arbiter of its rules.

Inevitably, U.S.-European relations will be altered as the West Europeans seek to reduce their political dependence on Washington, as tensions with the Soviets ease and as progress

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is made in rolling back the division of the continent. For much of the postwar period the perception of a major Soviet threat served as the cementing force for NATO and as a basis to rally popular support in the West for large expenditures on sophisticated weaponry. That same threat also constituted a compelling argument for reaching compromises between the United States and Western Europe on potentially divisive trade and monetary issues in order to preserve alliance unity.

In the years ahead, Western Europe can be expected to explore actively what it sees as dramatic new political possibilities in Eastern Europe and the U.S.S.R. that were unavailable in the past due to its own lack of coherence and Soviet intransigence. Western Europe will also assert more boldly its international commercial interests and demonstrate its independence of the United States on a number of foreign policy issues. NATO relationships are bound to come under greater scrutiny. Already Western Europe insists on a stronger voice in allied security affairs, and it will continue to do so in the future.

Washington will be increasingly uncomfortable with the challenges that Western Europe's more independent posture poses to its leadership. But in the final analysis the Community's growing unity can be an enormous asset for the United States if a new basis for cooperation between America and Europe on economic and defense matters can be found. The future shape of Atlantic relations will depend heavily on whether the United States can accommodate Western Europe's desire for greater independence of economic and political action and for significant progress in reducing East-West tension on the continent. It will equally depend on whether Western Europe can accommodate America's desire for Western Europe to assume a greater portion of responsibility for its own defense and more actively promote the well-being of the global economy. Under such a formula the United States would still be the indispensible leader of the West, but would have to find ways to build consensus rather than force it, and be willing to accept power-sharing as the natural handmaiden of burden-sharing.

The current environment of progress and optimism in Europe is, however, vulnerable to three potential threats. The first is a major blowup in Eastern Europe or one of the Baltic states, ignited by an outburst of nationalism or intense dissatisfaction with economic conditions. That could thwart arms control negotiations, cause an abrupt hardening of Soviet attitudes toward normalization with the West and undermine both

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glasnost and perestroika. Internal developments in the Soviet Union, similar to those in China this year which challenged the very authority of the Communist Party itself, could have similar effects, leading to a reversal of President Mikhail Gorbachev's policies or causing his removal.

The second threat is a turn toward protectionism by either the European Community or the United States; that would severely weaken Western economic cooperation and strengthen pressures for unilateral action on economic and political, as well as security, matters.

The third is a global recession, which could prompt weaker West European companies to seek a slowdown or halt in the removal of internal barriers associated with achieving the 1992 goal of a single market. A world recession would also deal a serious blow to exports of socialist nations, whose economies are already in a precarious situation, further jeopardizing their stability.

In this period of dramatic change, West Europeans and Americans will constantly need to remind themselves that, although their policies are likely to diverge increasingly on a greater number of issues, a fundamental and durable source of their international economic and political influence—and certainly of their security in what is still a highly uncertain, if improving, global environment—is their close relationship with one another. Societies on both sides of the Atlantic will need to keep that point in sharp focus lest the forces of change obscure it.

II

Western Europe is now challenged by its own postwar success. It is moving energetically to tear down, by the end of 1992, internal barriers to the movement of goods, people, capital and services—a process that many regard as establishing the basis for greater West European political unity and a more clearly defined European voice in international affairs.

Europe's course of action over the next decade will be significantly influenced by its international economic possibilities. European prosperity is inextricably intertwined with that of the United States and other major trading nations outside Europe. Expanding trade within the European Community will clearly be the most important stimulus to European growth. Trade will also grow with the nations of the European Free Trade Association (EFTA)—Finland, Sweden, Norway, Switzer-

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land, Austria and Iceland—which together form what is by far the EC's largest trading partner. And there will doubtless be benefits in expanding trade with Eastern Europe, as part of the political and economic normalization process now under way with that region. The United States, however, will remain the most important offshore commercial and financial partner of Western Europe. And the Far East will be both a formidable competitor and a growing market for European goods. Alliances with American, Asian and other European companies will grow as these firms invest heavily in the EC in anticipation of 1992, and as EC firms seek to team up with them to build economies of scale, engage in cooperative research to share costs and position themselves quickly to deliver newly developed products to global markets.

Thus, while Western Europe strengthens its internal economic unity, the importance of its links with the rest of the world will limit any tendency to turn inward. The ultimate test of the Community's economic reforms will be their success in helping its companies to better meet foreign competition in an open global economy—not to insulate them from it—and in putting those companies in a position to negotiate alliances with large foreign firms on an equal footing.

Another constraint on Europe's future is internal. A unified West European economy will require a strong intra-European political consensus. It cannot sweep aside the need for bargains among its independent sovereign states; in that regard, the analogy of a "United States of Europe" is flawed. The 13 original American states did not embody distinctly separate nationalities with ancient languages, cultures, histories and institutions. The nations of Europe do. Such distinctions remain important, although they have not stood in the way of progress and need not inhibit it in the future. But further progress in tearing down internal economic impediments will depend more on how credible the process seems to the electorates of individual nations than on whether the idea conforms to a particular economic or bureaucratic model, however ideal.

A broad political consensus will be required to sustain the momentum of integration, particularly if those interests that are adversely affected by additional internal competition or increased mobility of labor try to derail or slow the process. Technicians can take the process only so far, but political support can no longer be bought by subsidies or protection. Membership in the Community means that each nation has

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agreed to take a broader vision of its interests and to relinquish the use of these tools in relations with its neighbors. Years of attempting to preserve fragmented, protected and highly regulated national economies have led to competitive weakness and high unemployment in Europe, while Canada, Japan and the United States have surged technologically and succeeded in generating millions of new jobs.

Virtually all else that Western Europe hopes to accomplish over the rest of this century at home and abroad will depend on its success in building a unified and more efficient single market that generates new jobs, accelerates social progress and enables Europeans to engage more fully in the global technological revolution. This would also establish a stronger basis for Western Europe to assume a greater role in its own defense and to aid reform in Eastern Europe. This process will be particularly important to retain and enhance the tight integration of West Germany with the rest of Western Europe.

For all these reasons, the cohesion that Western Europe seeks also serves America's interests—a point underscored by President Bush when, on his visit to Leiden in mid-July, he stated that "a stronger Europe, a more united Europe, is good for my country. And it is a development to be welcomed, a natural evolution within an alliance, the product of true partnership, 40 years in the making."

III

Establishing a well-functioning single internal market by 1992 will hardly be a smooth process. But whether it is achieved by then or not until the year 2000 is not a crucial issue. The process of tearing down internal barriers is well and wisely under way; it may slow from time to time in coming years, but it can only be reversed at great cost. By the end of this century, if all goes reasonably according to plan, Western Europe will be a far more efficient economic entity than it is today—with a larger number of world-class companies capable of going head-to-head with competitors abroad. These companies will not necessarily be exclusively European in ownership or location, but the European components are likely to be in a stronger position in global corporate alliances owing to the single market.

Within Europe it is inevitable that more power and influence will shift from national capitals to European Community institutions. This will involve a transfer of a measure of sovereignty,

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but world economic conditions—specifically, the rapid rise in global economic interdependence and an even higher degree of interdependence within Western Europe—already imply a diminution of sovereignty. Governments cannot hope to promote prosperity at home in isolation. The fundamental economic goals of West European nations now must be attained by pooling their efforts in the context of the Community. Specific or short-term national objectives will need to be suppressed to accomplish longer-term objectives of scale, efficiency and stable growth.

Over time the European Commission will assume a greater regulatory role on issues relating to mergers, the environment, government subsidies and so forth. But as it does, it will come under greater scrutiny by the Council of Ministers, composed of ministers of national governments, and the European Parliament, directly elected by voters in member nations. The council and parliament will, like national governments, constantly debate whether Western Europe should structure its integrated economy along socialist, social democratic, liberal or conservative lines. But the worst examples of government regulation at the national level—which were enacted when heavy regulation was fashionable and have survived through inertia even as their costs have become increasingly burdensome—are not likely to be replicated as Europe creates new rules from a fresh start. Political leaders, with Prime Minister Margaret Thatcher in the lead, are likely to ensure that as the commission assumes more power it does not replicate the mistakes of national governments, and indeed the commission itself generally shows no signs of doing this. But the Community will probably put in place regulations that provide generous minimum benefits for workers, implement strong environmental standards and actively protect consumers. Although measures in these areas are likely to be less market-oriented than those in the United States, they will reflect social considerations deemed by many Europeans to be important dimensions of the new Europe.

One particularly controversial idea is that of creating a European central bank. It is favored by those who see it as further tying Europe together economically and believe that the decision to eliminate capital controls by all members of the Community by 1992 requires a central bank to manage monetary policy. They also assert that over time a common currency, under a European central bank, will be required to avoid trade distortions that result from exchange rate fluctua-

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tions to which Western Europe would be vulnerable if it retained separate currencies.

Creating a central bank and a common currency will be difficult, however. One frequently cited model is the U.S. Federal Reserve. But the Federal Reserve makes decisions based on inputs from regional governors, who have considerable influence, and is responsive (although not beholden to) a nationwide political and financial constituency. In Europe today, monetary policy and the European Monetary System are heavily influenced by, and indeed borrow credibility from, the highly regarded anti-inflationary policy of the German Bundesbank—with other nations following along to varying degrees. To be successful a new system will have to retain a similar level of credibility, while also commanding legitimacy in all 12 EC nations, most of which are unaccustomed to their central bank's having the same degree of power as does the Bundesbank and maintaining a similarly rigorous monetary policy. Unless it enjoys market credibility and popular support from Dublin to Rome—as well as in Frankfurt—a European central bank would find it difficult to operate without excessive intervention by political forces.

In the next decade it is likely that the European Community will create a central bank roughly equivalent in structure to the U.S. Federal Reserve System, but with more limited powers. EC Commission President Jacques Delors has put forward a creative and comprehensive blueprint for a new European monetary system. Whether his propositions are adopted in whole or in part, intensified monetary cooperation within Europe is likely. At the Madrid summit of the EC leaders in June, significant steps were taken to this end. Over time the European Currency Unit will be utilized more extensively for denominating commercial transactions and financing governments, private corporations and entities such as the European Development Fund. The ECU will at a minimum become a parallel currency within the Community, although by 2000 it probably will not have displaced national currencies.

Nevertheless, as the ECU's role in global financial and monetary affairs becomes more prevalent and substantial, it will have profound effects on the international monetary system, thereby requiring the United States and other countries in the Group of Seven to consider whether changes in that system are required. Indeed, it would be wise to begin studying possible reforms of the international monetary system in parallel with

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the EC's exercise to reform its internal system. Future reforms in the international monetary system will need to reflect changes in the European Monetary System.

By design and by the sheer magnetism of its economic pull, the Community—in its own right and as the result of a panoply of new trade arrangements that it is likely to negotiate (as described in the next section)—will become an increasingly formidable trading force in the remainder of the century, and will be able to use access to its market as a powerful lever to obtain access for its products to other world markets.

Up to a point, utilizing economic strength to obtain trading advantages is a legitimate tactic. But used in excess, it would lead to conflict between Western Europe and its key trading partners—particularly the United States. That in turn could weaken NATO security ties if Americans—alarmed by threats to their commercial interests—insist that Washington threaten to withdraw troops from Western Europe in retaliation or to force concessions from the Community.

The current Uruguay Round of multilateral trade negotiations is, in this respect, of critical importance. An earlier negotiating round, the Kennedy Round, was launched at the beginning of the 1960s to reduce tariffs around the world, largely to keep the newly formed European Economic Community from turning inward. The current round can do likewise if its major players—the United States, Japan, the EC, Canada, Australia and a number of major Third World nations—are willing collectively to commit themselves to reduce myriad nontariff barriers now distorting international commerce.

For the EC this means negotiating agreements that open more of its industries to competition from outside (in return, of course, for similar measures by its trading partners), just as those industries also are being exposed to intensified competition from within Europe, due to a lowering of internal barriers in the 1992 process. Those EC industries accustomed to high levels of protection or government subsidy will likely resist. EC governments might be tempted to respond to pleas for help from industries being hurt by increased competition from within Europe by declining to open further to non-EC competition, e.g., resisting pressure to liberalize access to their government procurement markets, or by shielding industries temporarily from imports of non-European goods through tight transition measures.

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If Europe is perceived by Americans as resisting progress in the Uruguay Round or creating new barriers to outside competition, Washington will find itself besieged by domestic pressures to take trade measures against Europe—even if for broader political or security reasons it wishes not to do so. Perception of a "bloc mentality" emerging in the Community would also give impetus to the creation of competing trading blocs—in the western hemisphere or among nations on the Pacific rim. Even though such units would probably be less formally organized than the Community, they could constrain Western Europe's global trading opportunities.

A similar type of danger would result from the overly aggressive use by Washington of provisions of the 1988 Omnibus Trade Act. That could drive the Community to impose new restrictions of its own in retaliation, and generate pressures for the EC to utilize its growing economic cohesion to counter American pressure. The net result could be that trade disputes would drive a wedge between Europe and America on political and security matters. It is likely, however, that during the 1990s Europe and the United States will reach understandings that put most major trade differences behind them or at least permit them to be resolved in an orderly fashion.

IV

In coming years the Community, which already has trade agreements with many of its neighbors, is likely to negotiate new agreements with a broader range of countries. While the Community is putting in place the directives and rules that together form the basis for the single market, it will not accept new members. After that, pressures on it to do so will grow; certainly Austria and Turkey will push hard. The risk perceived in the Community, however, is that the entrance of new members in the next several years could overburden the EC apparatus. There is resistance in some EC members to admission of low-wage countries on grounds that this would give unfettered access to low-cost goods, thereby costing them jobs and profits, and flood their economies with cheap labor.

There is also concern that applications for membership would force the Community to confront the question of whether inclusion of nations neutral by treaty or by long-standing policy would prevent the Community from ever becoming a political and security union as envisaged by the Treaty of Rome. Alternatively, the EC would have to work out arrange-

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ments so that neutrals such as Austria could join and cooperate fully on economic matters, while remaining outside of EC political and security collaboration.

By the end of this century there will probably not be many new full members in the Community. Far more numerous will be nations associated by bilateral arrangements of various types. Agreements are likely to be negotiated establishing free trade ties with EFTA neutrals such as Switzerland and Finland, as well as Austria if it is not permitted to join, and with Mediterranean countries such as Cyprus and Malta. These accords can also permit greater cooperation in areas such as investment, setting common product standards and adopting similar types of labor benefits. Still other arrangements—for instance with East European nations and possibly the U.S.S.R.—could lead to trade expansion and liberalization on a more limited scale. The net result will be a widening map of trade and economic ties in Europe, centered on the Community.

It might be possible to envisage by the end of this century a Europe of concentric economic circles: (1) the EC at the core; (2) several neutrals, and other nations in the Mediterranean, enjoying particularly close economic relations with, or associate membership in, the EC, along with frequent consultations with the Council of Ministers and European Parliament on a range of economic and political matters; (3) some East European nations, and perhaps even the U.S.S.R., having arrangements with the EC that permit substantially increased two-way trade, along with investment treaties to encourage new and joint ventures. Associate membership might also be possible for those whose reforms over time lead their economies to operate largely on the basis of market forces. This structure could form the basic architecture of the "common European home."

East-West trade is likely to remain a small percentage of total West European trade, even if new trade agreements are reached, but it can play an important role in supporting economic reforms in the Soviet bloc and reducing the dependence of a number of COMECON countries on the Soviet Union. For several years Western Europe will find it difficult to increase or even maintain its net exports to the United States, as the latter attempts to reduce its enormous trade deficit. Thus, increased exports to the East will be attractive for some EC industries, even if large-scale trade financing is required to support them.

In recent years America and Europe have frequently differed

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over the pace and character of improvements in economic relations with the Soviet Union. Effective Western management of East-West economic relations is likely to be especially important for harmony in the alliance in the decade ahead.

As the effort to normalize economic relations with socialist economies proceeds, the West must consider a pivotal question: On whose terms should that normalization take place? Because the West's approach to economic policy has succeeded and the East's has failed, arrangements that simply "split the difference" would be counterproductive. Extending large-scale credits to socialist nations, or allowing them to participate in global economic institutions, without evidence of significant reform on their part would be self-defeating.

The West's goal should be to draw the Soviets and the East Europeans over time into the network of international, market-oriented economic relationships in support of, and in parallel with, domestic economic reforms in those nations. And it should maintain a strong consensus on ways to avoid—through the COCOM group of Western nations constituted to control technology transfer—sales of technology that could potentially benefit the Soviet military. In a similar spirit it should agree to avoid the provision of subsidized credits to socialist nations.

Both President Bush and President Gorbachev have supported the goal of bringing the Soviet Union into the international economic system. Gorbachev dramatized this point in a letter to the Paris economic summit in July that stressed: "Our perestroika is inseparable from a policy aiming at our full participation in the world economy." Soviet membership in global institutions such as the General Agreement on Tariffs and Trade (GATT) and the World Bank/International Monetary Fund is inappropriate at the moment, largely because of the still heavy hand of government on, and virtual absence of effective market forces in, the Soviet economy. But there are various ways in which these institutions and Moscow might actively exchange information on developments in the Soviet economy and the global economy as well. This exchange could permit Soviet officials to understand better the practical consequences of normalizing economic and trade relations with the rest of the world and help the Western nations and others to understand better how the Soviets would perform as members or observers in international institutions.

Observer status in the GATT for the Soviet Union should be considered, but only after the conclusion of the Uruguay

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Round. Addressing this now would divert attention from the round's urgent negotiating goals. Consideration of Soviet observership, of course, assumes that the U.S.S.R.'s internal reforms continue. Granting observership need not imply a commitment to ultimate full membership, which should be decided separately. In the meantime an active and systematic exchange of information and an organized set of consultations should take place between GATT and Soviet trade experts. This would aim at helping the Soviets design a tariff and pricing system consistent with the process of normalizing trade relations with market economies, and at giving the Kremlin a chance to dispel fears in the West that it would use GATT membership or observer status to politicize the organization, as it has done with respect to trade issues in the United Nations.

The World Bank and the International Monetary Fund do not have the equivalent of GATT's observer status. But systematic consultations among their experts and those of the U.S.S.R. could permit those institutions to obtain more information on the Soviet economy and its financing needs, and enable Soviet reformers to avail themselves of these institutions' expertise on exchange rates, pricing, banking and credit issues. In both cases, closer contacts will help Soviet officials to determine how to adjust their policies and practices to participate more effectively in the world economy.

Western Europe can utilize its particular economic strengths and historical ties to draw individual nations of Eastern Europe gradually closer (recognizing the differences in their approach to economic reform) and away from economic dependence on Moscow, without threatening Soviet security relationships. Indeed, the Kremlin might find closer economic ties between Eastern and Western Europe to be a face-saving and practical way of reducing its own costly commitments and avoiding a blowup in the region due to economic dissatisfaction.

The Community's unique advantage in this respect was recognized at the Paris economic summit. Both West German Chancellor Kohl and President Bush supported giving the EC Commission the lead in coordinating efforts to assist reform in Eastern Europe and provide food aid to Poland. This action helped to "depoliticize" the aid from Moscow's standpoint, and made it easier for East Europeans to accept the help without appearing to the Kremlin to be slipping into America's clutches. It also enabled West Germany to play a key role in Eastern Europe within the context of the EC, countering con-

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cerns elsewhere that it might be tempted to take unilateral initiatives in the region, and reinforcing in the minds of West Germans the idea that improving ties with the East could be done in a Community framework.

On another front, member nations of the Community are gradually linking loans to, and trade with, their socialist neighbors to efforts to lower tensions and support reforms. Most West European trade and credits are not tied to political conditions, but some links have been made. In 1987 West German loans to Hungary were provided on the condition that liberal reforms continue and cultural contacts be permitted to grow. In 1988 the French government announced its intention to link its roughly $2 billion in new credits to the Soviet Union to progress in reducing conventional arms in Europe. Such conditions avoid the inconsistency of providing the Soviets large amounts of money while Moscow continues to maintain massive conventional forces that require offsetting Western defense spending. Also in 1988 the Community and COMECON signed a declaration of "mutual recognition." The Community insisted on and obtained two conditions—that West Berlin be treated as part of the EC, and that future trade agreements be with individual COMECON nations, not with the Moscow-dominated COMECON organization itself.

The latter condition was a step toward loosening Moscow's economic grip on Eastern Europe. Soon after, the Community reached a trade agreement with Hungary, thus rewarding Eastern Europe's most reform-minded and market-oriented economy; the EC promised to phase out most of its quotas against Hungary, which agreed to provide easier access for Community businesses. A more limited agreement was reached later with Czechoslovakia. The U.S.S.R., Poland and Bulgaria are seeking similar arrangements, but they are unlikely to receive as favorable treatment because their governments have tightly controlled prices. Without credible, market-oriented price mechanisms there is a greater chance that these nations will dump or heavily subsidize exports to the Community.

Thus, the Community approach to COMECON nations is dual track. It aims at helping individual nations of Eastern Europe regain their historical position as an integrated part of Europe in terms of trade, human rights, freedom of movement and democratic reforms. But they would not yet be included as members in the EC because their economies are not able to integrate fully with those of Western Europe and they do not

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adhere to market principles. Moreover, these countries are of course still members of the Warsaw Pact.

Over time, Poland, Hungary and Czechoslovakia should be able to resume, to the extent geopolitics will allow, their positions as integral parts of Europe. By culture, religion and history they can in no way be considered a logical part of the Soviet sphere of influence, much less of its empire. Ties between Paris and Warsaw, Vienna and Budapest, Prague and Berlin are as much a part of the common European background as are the Renaissance, the Reformation, Chopin, Voltaire and Beethoven. Thus, trying to bring the two parts of Europe closer together responds to a historical urge that both sides feel. The historical basis of a "whole Europe" or "common home," after all, goes back to the empire of Charlemagne, and then the Holy Roman Empire, and should at a minimum encompass the territories of those empires; both were culturally and geographically primarily West European.

V

There is an emerging debate in Europe over how it might assume more responsibility for its own security. One school of thought—advanced, among others, by members of the Social Democratic Party in West Germany and the Labour Party in Britain—holds that the Soviet Union and Western Europe can reconcile most of their ideological and political differences very quickly. This line opposes new expenditures for nuclear weaponry and supports significantly intensified East-West trade and financial relations. It argues that improved East-West ties will make it possible to achieve Charles de Gaulle's dream of a Europe from the Atlantic to the Urals, or at a minimum to tear down barriers to the movement of people and dramatically reduce tensions. Western Europe, the argument continues, should loosen its military and political links to the United States—which are seen as an abnormal legacy of the cold war—and "Europeanize" Western Europe's security. An extreme version of this argument holds that Western Europe should quickly denuclearize and distance itself from Washington on security matters in order to hasten the process of intra-European normalization.

Another, more centrist, school advances a very different vision. It is one of a Western Europe that, while asserting more control over its own economic and political future and pursuing closer economic and political ties with the East, as well as freer

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movement of people to and from its socialist neighbors, remains firmly a part of the Atlantic alliance and militarily well prepared, with a credible nuclear deterrent. This vision is based on the view that NATO's unity and its defense capability must be preserved even as relations with the Soviets improve, that Western strength and NATO cohesion are in fact a prerequisite for success in future arms reduction talks with Moscow, and that they are in any case needed because the long-term outlook for Soviet policy is still unclear. Moreover, the argument continues, the alliance provides Western Europe the protection that enables it to concentrate on strengthening its internal economic cohesion.

The concept of Europe that will emerge will not be the product of an American vision but of forces within Europe itself. Yet the stakes for the United States are high. America's international power and influence are heavily dependent on its alliances with Western Europe as well as Japan. But American policy cannot be predicated on the assumption that the postwar status quo will last indefinitely, that Western Europe will accept permanent animosity with the U.S.S.R. or permanent barriers with Eastern Europe, or that America's allies will not increasingly seek to assert their self-identity and moral independence in international affairs—often in ways that differentiate them from the United States.

Nonetheless, global stability continues to depend heavily on the United States. Washington and its allies must find the proper balance between America's efforts to reduce its costly global role, while still being able to lead the alliance effectively, and Western Europe's efforts to play a more independent global role, while continuing to rely on U.S. ground forces and its nuclear deterrent. On both sides of the Atlantic leaders recognize that no country today possesses America's combination of military power, wealth and political authority; none can play the role of "replacement power" should America's global influence weaken significantly, as America did when Britain's power declined earlier in this century.

Western Europe's strategic options are limited by global power relationships. Western Europe confronts a military superpower to its east. As long as Europe is not a military superpower (even if it is an economic one), it must depend on the world's other superpower, its ally the United States, to counter Soviet influence and Soviet bloc armies. Some Soviet threat will remain, notwithstanding Gorbachev's encouraging

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announcements of unilateral force cuts in Eastern Europe and his willingness to negotiate substantial additional cuts, as long as Soviet military forces remain large and offensively postured and Moscow's political and military domination continues in Eastern Europe. As long as there is a potential threat of Soviet intimidation, America's defense commitment and its military presence will remain vital to Western Europe's security and to its ability to resist pressures from Moscow.

Nevertheless, a new political consensus will be required to underpin Western security relationships. NATO has long had to live with the facts of democratic life: when relations with the Soviets improve, citizens of NATO nations become reluctant to support military expenditures and question the need for the alliance to possess major deterrent capabilities. It is difficult to rally people around a pastel banner. Increasingly NATO governments will have to ensure that public support for the organization depends on more than the perception of an imminent Soviet threat. They will need both to underscore the need for NATO as insurance against a reversal of Soviet policy and to expand the range of issues on which NATO engages the common efforts of the European and North American democracies—from student exchanges, to fighting the drug trade, to resisting terrorism, to countering threats to the environment. All of these will take on greater importance in the 1990s. By moving effectively in at least a few of these areas, NATO can increase its relevance to younger generations, to whom the importance of support for NATO is not as obvious as it is to those whose political views were formed at the height of the cold war.

As fear of the Soviets has declined, so has popular support for NATO and for maintaining current nuclear arsenals. Anti-nuclear sentiment is particularly strong in West Germany. Much of Gorbachev's public relations campaign is an effort to loosen the Federal Republic's ties to the alliance (although not necessarily to encourage it to leave NATO, since that would intensify pressure on East Germany to leave the Warsaw Pact). Without strong Federal Republic support, NATO's conventional defense and nuclear deterrent would be ineffective—and Moscow fully understands this.

West Germany's role as a NATO ally is particularly vital to the balance of power on the European continent and to the West's ability to exert influence in central Europe. Therefore, the United States and its allies will have to address the deeply felt unease in the Federal Republic regarding Germany's status

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as a divided nation and the increasing discomfort of West Germans at being constrained from pursuing social, political and economic objectives in areas of Eastern Europe where they have historically been influential.

The "German question" will loom larger and larger in the years ahead. While German reunification is highly unlikely in the foreseeable future, some type of association between the two German states will be a major goal of new generations of West Germans—and perhaps East Germans as well. At a minimum, there will be greater movement of people between the Germanys and greater benefits for East Germany (which now enjoys free trade with the Community) as the single market evolves.

For the Community the major goal will be to strengthen its interlocking trade and financial ties with West Germany—leading to greater political and security cohesion—to anchor the Federal Republic firmly to the West, countering any tendency for it to seek a Bismarckian "middle ground" in central Europe. Prosperity in the EC, in contrast to the failures of socialism in Eastern Europe, should serve as a reminder to both Germanys that their brightest future together lies in East Germany's moving gradually toward West Germany, where prosperity and social progress are enhanced by membership in the EC.

France is especially cognizant of the need for close links with Germany, and between Germany and the rest of Western Europe. The need for close cooperation between Paris and Bonn, dramatized in the public reconciliation between France and Germany ratified by President de Gaulle and Chancellor Konrad Adenauer in 1962 at Reims Cathedral, has been carried on enthusiastically by the present French and German leaders; the two countries are still the driving force for reducing internal barriers in the Community, creating a common monetary system and forging closer military ties. France, having translated its passionate sense of national destiny into an almost equally passionate sense of European destiny, is the spiritual leader of the new Europe while West Germany is the economic leader.

VI

Differences in the approach of Western Europe and the United States concerning the improvement of economic ties with Eastern Europe are to be expected, and indeed are in

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many respects appropriate due to circumstances of history and geography; but any change in security relationships between East and West will require a clear agreement within NATO. Strategic stability on the continent cannot be attained if Americans and West Europeans pursue separate strategies.

Here as in economics, the central question is: On whose terms? Some Europeans argue that greater accommodation with Moscow is prudent "hedging" policy. Still others argue on moral grounds for unilaterally moving toward a nuclear-free Western Europe. But these notions, if broadly embraced, risk acceptance of the idea that more normal relations in Europe must be achieved to a substantial degree on Moscow's terms. The opposite proposition is more accurate. Western democracies will be in a powerful position vis-à-vis Moscow for years to come. The Soviet Union and its allies need a respite from international tensions in order to achieve domestic economic priorities.

President Bush made the the most of these circumstances by taking the initiative at the 1989 NATO summit to offer proposals aimed at lowering Warsaw Pact and NATO force levels. In many respects the summit was a watershed, for it took the United States and its allies off the defensive in the "initiative competition" with Gorbachev, and demonstrated NATO's resolve to link large conventional cuts to cuts in short-range nuclear weapons. It also, temporarily at least, diffused pressure in the U.S. Congress for unilateral conventional force cuts in Europe.

One particular area in which the allies will need to coordinate more actively is arms control. Europeans are apprehensive not only when America becomes too belligerent toward Moscow, but also when it appears too eager to reach agreement. Toughness stirs up apprehensions about nuclear war and gives ammunition to antinuclear groups; arms reduction negotiations raise apprehensions over possible decoupling of the U.S defense commitment from Europe. America's allies, including Japan, need to be brought into a NATO-centered process of consultations on arms control strategy—which in coming years will involve negotiations on strategic, conventional and perhaps short-range nuclear arms—both to minimize misunderstandings that breed apprehensions and to ensure that progress on one side of the Eurasian landmass does not add to problems on the other.

The West's primary negotiating goal now should be to press Gorbachev to make good on his own concepts of "reasonable

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sufficiency" and "defensive" military doctrine. It should seek a dismantling of a large portion of Soviet conventional forces and equipment that are forward-deployed in Eastern Europe and western military districts of the Soviet Union. Asymmetrical cuts in conventional forces should, as the United States has suggested, be a prerequisite for cuts in short-range nuclear weapons. The latter weapons would then not be required in such great abundance by NATO because conventional cuts would make the Warsaw Pact far less able to launch a surprise attack and engage in massive offensive operations. If that goal can be attained, and if effective verification procedures can be established, the end of the century could see a dramatic reduction of tensions and lower-cost security in Europe.

Assuming a reduction of East-West tensions and asymmetrical conventional force cuts, fewer American divisions will be required on the continent—and therefore one or two of the five U.S. divisions there could be withdrawn as the result of an intra-NATO agreement, with little risk to West European security or NATO cohesion. It is also likely that the nuclear deterrent capabilities of Britain and France will be enhanced by that time—a possibility that neither the United States nor Western Europe should negotiate away. There is likely to be closer nuclear cooperation between Britain and France, as well as expanded coordination between their nuclear force planners and the commanders of conventional forces in West Germany. Over time this should give the Germans greater confidence in the credibility of these deterrents as a supplement to those of the United States. Improvements in intra-West European military cooperation will also demonstrate to Americans that Europeans are doing more for themselves. But at the end of this century there will still be no alternative to an American nuclear guarantee and troop presence in Europe.

If conventional troop negotiations achieve satisfactory results, and economic relations between the EC and its eastern neighbors improve as expected, the United States and its European allies should be prepared to go further: to explore opportunities for new security arrangements with the Soviet Union that will permit governments to come to power in Eastern Europe whose legitimacy is based on genuine voter support and which are closely associated with the Community (the second concentric circle around the EC core, described earlier), although they could remain in COMECON as well. A zone of this sort on its western border might become an

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increasingly attractive prospect for Moscow. But the United States and its European allies will have to reach a consensus on these issues before approaching the U.S.S.R. and the East Europeans. Community leadership of the dialogue with the East Europeans, and even with the U.S.S.R.—consistent with the approach set at the Paris summit on economic aid to Eastern Europe—might provide greater reassurance to both than if the United States were to seem to dominate the process. It would also alleviate any concerns about a "Yalta II" agreement made over the heads of the Europeans. The Community should be one of the guarantors of the integrity of the agreement, though in the end the role of the United States will be decisive for Moscow.

One caveat must be noted. A backlash in the U.S.S.R. is still possible that could significantly retard or even reverse the process of glasnost and perestroika. If this occurs, Moscow's more relaxed attitude toward both economic and political reform in Eastern Europe could suffer. The West will need to be alert to such contingencies, even though optimism now reigns. Division within Western Europe, or between it and America, over how to react to abrupt and adverse change in the U.S.S.R. can be limited by anticipating such developments, at least as possibilities, and consulting closely about how they might be coped with.

VII

In these and other areas, the United States will need to work not only with individual West European nations as it has, but also with the European Community—which will likely be the forum for its members to harmonize foreign policy on an ever larger range of issues. More frequent discussion between the U.S. secretary of state and foreign ministers of a representative group of EC members (perhaps the foreign minister of the nation holding the EC presidency, plus the foreign ministers of the countries preceding and succeeding in the EC presidency) might be useful—and relations with Eastern Europe and the U.S.S.R. are an apt subject for such discussion. The Europeans will want these consultations to represent something more than a symbolic act; they will want to be listened to and to feel confident that America's position gives their collective views appropriate weight. And, as in the case of economic support for Eastern Europe, they will insist on being in the lead on important subjects.

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In the era of John F. Kennedy there was an expectation on both sides of the Atlantic that NATO could become a partnership of equals. This was also a vision of Jean Monnet and Paul Henri Spaak—two fathers of today's Europe. This goal is not likely to be realized by 2000, but a far greater parity is. Western Europe will not over this period become a military superpower or possess a fully credible nuclear deterrent, nor will it be prepared to exercise a global political role of a scope similar to America's. But it can and will be a powerful global economic force. It will also have forged a more distinctly European set of policies and attitudes on global political issues.

The character of the Atlantic relationship will depend heavily on whether America and Europe together can find the right formula for accommodating Europe's desire for greater autonomy and influence on global and alliance issues, along with America's desire for Europe to assume greater responsibility for its defense and for global economic stability. If such an accommodation can be reached, the process of normalization between Western and Eastern Europe can proceed without weakening Western security, and the Community's growing unity will provide the most powerful boost to the fortunes of the West and to democratic values in this century. By the year 2000 the continent should be a safer and more prosperous place.

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Gail W. Lapidus

GORBACHEV'S NATIONALITIES PROBLEM

Mikhail Gorbachev's reforms have unleashed an unprecedented tide of protests and demonstrations across the U.S.S.R. in which national grievances occupy a central place alongside economic unrest. From Alma Ata to Abkhazia, from Tallinn to Tbilisi, virtually no region of this vast and complex multinational society appears immune to the rising tide of national self-assertion. Whether in the form of anti-Russian demonstrations, as in Kazakhstan and Georgia, or in the emergence of new sociopolitical movements demanding greater economic and political autonomy, such as the Popular Fronts of Estonia, Lithuania and Latvia, or in more volatile outbursts of communal violence that have resulted in a tragic loss of lives and many thousands of refugees, as in Armenia, Azerbaijan and Uzbekistan—all pose a growing threat to Gorbachev's leadership and to the future of his reforms.

The increasing intensity of ethnonationalism among Russians and non-Russians alike, sometimes taking extreme and chauvinistic forms, has not only provoked increasing alarm among Soviet citizens and leaders, it has also precipitated a sharp controversy over Soviet policy toward the "nationalities question" and over the nature and future of the Soviet federal system itself.[1]

The complacent official assertion that the victory of socialism in the U.S.S.R. created a new historical community in which national antagonisms were obliterated has been exposed as a myth. A gamut of sensitive issues previously closed to discussion is the subject of heated public debate: the extent to which the national republics that comprise the Soviet federation should enjoy real sovereignty; the legal status of the Baltic republics, annexed as a result of the Molotov-Ribbentrop pact; the criteria

[1] The term "nationalities" is used here to refer to the entire range of nations, nationalities and ethnic groups in the Soviet Union.

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for resource allocation among the regions of the U.S.S.R., and the degree to which more developed areas should subsidize the less developed; the representation of different nationalities in leadership positions; the language and cultural rights of different national groups; the role of Russian as a *lingua franca*; and finally the question of where the right to make such decisions should reside.

Traditional assumptions and approaches are being directly challenged in public discussions unprecedented in their scope and frankness, as well as in the confusion, uncertainty and anxiety they bring to the surface. By injecting passionately emotional issues into what is already a contentious political struggle, rising ethnonationalism exacerbates other cleavages and further complicates the effort at political and economic reform.

Two competing visions of the Soviet system contend with each other in these debates. The first seeks to give greater political recognition to national diversity; it views the U.S.S.R. as a confederation of sovereign national republics that should enjoy substantial economic and political autonomy in shaping their own historical destinies. The second vision gives increased priority to economic and political integration; it argues—by analogy with the American model—that the individual rather than the group should be the subject of political rights, views the Soviet Union as "our common home," and insists there should be no corner of the territory of the U.S.S.R. where any Soviet citizen cannot feel at home.[2] Although the Soviet leadership seeks to straddle the issue, difficult policy choices will have to be made.

II

To Gorbachev's critics, including members of the top party leadership itself, the growing tensions and controversies surrounding national relations are yet additional evidence that glasnost and democratization have gone too far. Soviet achievements, they have charged, are regularly maligned in the media, unofficial political groups are challenging the leadership and the very legitimacy of the party, and national movements are taking advantage of an excessively tolerant political environment to marshal forces that will ultimately challenge Soviet

[2] Both positions, and numerous variations on them, have been elaborated in a number of Soviet publications including the party's theoretical organ, *Kommunist*, in 1988–89.

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rule. In the view of these critics, current developments are exacerbating inter-ethnic relations in general, posing a growing threat to the Russian settler communities dispersed throughout the non-Russian regions of the country and ultimately threatening the cohesion and very stability of the Soviet system.[3] Indeed, this pessimistic assessment is shared by those Western observers who argue that the Soviet system is incapable of genuine reforms; they believe that current trends reflect a process not of revitalization but of decay, and therefore that American interests are best served by encouraging the progressive "Ottomanization" of the Soviet system rather than lending support to Gorbachev's reforms.

In the view of Soviet reformers, by contrast, glasnost and democratization—compounded by sharply deteriorating economic conditions—have simply brought to the surface long-simmering resentments and grievances and provided legitimate outlets for their expression. The eruption of national tensions in the past few years is for them dramatic evidence that traditional ways of managing the multinational Soviet system have reached a dead end, and demonstrates the urgency of a fundamental restructuring of nationality policy. Echoing Gorbachev's own words, they insist that turmoil is inseparable from revitalization, and that some degree of instability is a necessary condition of any far-reaching change. Resort to political repression will not only provoke popular explosions of increasing scale and ferocity and strengthen separatist tendencies, they argue; it would also entail the demise of the reform process itself, cause further economic decline and lead to a return of a more authoritarian system.

The effort of the Soviet leadership to cope with this rising tide of national unrest is complicated by the fact that it embraces at least two distinct, though mutually reinforcing, currents. The first is the growing assertiveness of national elites (and above all, their cultural intelligentsia) in challenging the extreme centralization of the Soviet system and demanding greater economic, political and cultural autonomy. The second current is a more amorphous and unorganized but intense and potentially explosive sense of resentment. It is particularly

[3] The view that opponents of reform will be the main beneficiaries of increasing national unrest is a continuing theme in major speeches and publications. As a recent article in *Pravda* warned: "Nationalistic ideas and manifestations . . . only strengthen the position of the opponents of perestroika." (May 22, 1989, p. 2.)

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strong among unskilled workers and underemployed or unemployed youth, whose economic and political grievances are in effect displaced onto ethnic hostility directed against "outsiders."[4] Coping with both dimensions of this problem therefore requires not only far-reaching changes in a broad range of attitudes, institutions and policies connected with national relations, it also demands that a clear line be drawn between legitimate political and economic protest and impermissible communal violence.

The Soviet leadership, and Gorbachev in particular, clearly failed to anticipate that the process of reform would inevitably reignite the "nationalities question," and then they underestimated its potential explosiveness. In this as in other areas, Gorbachev's education was rapid; in two short years, between 1986 and 1988, swiftly moving events propelled the nationalities question to the top of the Soviet political agenda. The decision to convene a special plenum of the Communist Party Central Committee to address critical problems of national relations was clear recognition of both the urgency of the challenge and the need for new departures. The fact that the plenum, as of this writing, has been postponed four times is testimony to the issue's complexity. Whether the Soviet leadership will succeed in containing and managing the complex and contradictory pressures created by national aspirations, demands and conflicts is critical to the prospects for political stability, as well as reform, in the months ahead.

III

The complexity of the nationalities question in contemporary Soviet politics stems from the fact that the key actors are not merely dispersed ethnic groups, as in the United States, but nations and nationalities inhabiting or laying claim to historical territorial homelands. Over one hundred such national groups—differing in language, culture, historical experience, religion, and level of economic and social development—make up the Soviet population today, with Russians comprising just over half the total. By contrast with the American pattern, political-administrative boundaries in the U.S.S.R. tend to co-

[4] Azerbaijan and Uzbekistan, both scenes of considerable ethnic violence, also have the highest rates of adults not employed in socialized production—23 percent and 27 percent, respectively, compared to 8 percent in the Russian Republic. (From "Ideologicheskiye problemy mezhnatsionalnykh otnoshenii," in *Izvestiya TsK KPSS*, no. 6, 1989, p.79.)

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incide with ethnic boundaries, infusing center-periphery relations with heightened emotional intensity and injecting the nationalities question into virtually every aspect of Soviet policy.

Gorbachev's dilemmas have their roots in the Bolshevik Revolution of 1917, which established Soviet power on the ruins of the tsarist imperial state. Lenin had attempted to win the support of the newly emerging movements for national liberation within the empire (as well as outside it) by espousing the principle of national self-determination. With the new Soviet state securely established, its leaders were compelled to reconcile their socialist ideology—which viewed nationalism as an anachronistic political force and insisted that class rather than nation was the most fundamental social identity—with the imperial legacy they now sought to preserve.

The "Leninist compromise" created a federal system that granted political-administrative recognition and the symbols of nationhood to a number of national groups (whose historical homelands now became nominally sovereign republics within the U.S.S.R.) and committed itself to the development of their national languages and cultures. At the same time, it was built around a highly centralized and increasingly authoritarian party organization imbued with a radically internationalist ideology.

A fundamental tension was thus built into the Soviet system from its very origins: the federal structure offered an organizational framework and political legitimacy for the protection and advancement of the interests of national groups, but at the same time Soviet ideology anticipated the ultimate dissolution of national attachments and loyalties and sought the creation of an integrated political and economic community based on universal Soviet citizenship. What balance to strike between these two orientations has remained an enduring dilemma in Soviet politics.

The Stalin era was marked by a dramatic shift toward greater centralization, cultural Russification and the repression of non-Russian national elites. The rights of republics and autonomous regions were whittled away, their boundaries arbitrarily redrawn, and the populations of some liquidated or forcibly resettled during World War II, as in the cases of Crimean Tatars, Kalmyks, Chechen-Ingush, Volga Germans and Meskhetian Georgians. National histories were rewritten to emphasize the progressive character of Russian imperialism,

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and criticism of Great Russian chauvinism came to an end. Central economic ministries treated the entire territory of the U.S.S.R. as a single complex, establishing new industries and relocating workers without concern for republic boundaries. The cultivation of national languages and cultures was replaced by a process of Sovietization that was sometimes indistinguishable from Russification. The imperial features of the Soviet system were further strengthened during World War II with the forcible annexation of the Baltic states, the western Ukraine and Byelorussia, and part of Moldavia.

While repression served as a critical mechanism in maintaining central domination, the Stalinist system of rule also depended on the cultivation and cooperation of indigenous political elites whose loyalty was rewarded by significant opportunities for advancement. Moreover, the economic and social changes launched in the Stalin era—industrialization, urbanization and the spread of educational opportunities—far from obliterating national identities and loyalties, served to strengthen them. The emergence of modern urban elites in the national republics, in which the cultural intelligentsia occupied a dominant and prestigious place, provided critical leadership in the process of national revival in subsequent decades.

Stalin's death in 1953, and the process of de-Stalinization initiated by Khrushchev, began to unravel the system of controls and challenge the myths that sustained it. Cautiously and selectively, a reassessment of Stalin's legacy in nationality policy, as in other areas, was launched. While Brezhnev's policies sought to mute the reformist impulse, by the early 1980s it was becoming clear that traditional instruments for managing the Soviet multinational system were largely exhausted.

The diminishing vitality and relevance of official ideology reduced its potency as a cohesive force in inter-ethnic relations, and an upsurge of national and religious values began to fill the void. Central control over personnel was weakened by policies that guaranteed greater stability to party elites in national republics, and thereby fostered greater autonomy and a growing assertiveness in managing "their" republics. Economic stringency and declining social mobility increased competition among social and national groups, whether for new investment in housing and health care, for scarce places in higher educational institutions or for valued jobs. Frustrated ambitions and resentments were readily displaced onto other

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ethnic groups, creating friction among members of different nationalities and heated controversies over whether certain groups were receiving preferential treatment. The growing sources of strain did not escape the notice of Soviet ethnographers and sociologists conducting empirical research on ethnic relations, but the obligatory tone of self-congratulation that permeated their writings reduced their utility in preparing either the political leadership or the educated public for the problems ahead.

IV

Gorbachev came to power relatively ill prepared—both by personal temperament and by previous political experience—to deal with the nationalities question. He was clearly impatient that such intensely emotional, indeed irrational, sentiments could divert attention from the larger struggle over reform. By contrast with his predecessors, his political career had not included a stint in a non-Russian republic, and his early speeches contained little beyond the customary platitudes on the subject.

In his initial preoccupation with rationalizing the economic and political system, and his focus on efficiency and control, he demonstrated little sensitivity to how key decisions would impinge on national relations. He was taken by surprise, for example, when the appointment of Gennadi Kolbin, a Russian, to succeed Dinmukhamed Kunayev, the ethnically Kazakh first secretary of the Kazakhstan party organization, triggered massive disturbances in the capital city of Alma Ata in December 1986.

In succeeding years a series of upheavals and demonstrations in other national areas, culminating in the bloody Armenian-Azerbaijani confrontations over the Nagorno-Karabakh region, forced the issue to the center of attention. The tenor of Gorbachev's own speeches on national relations shifted from his initial complacency to increasing concern. They contained a growing acknowledgment of errors and distortions in the party's nationalities policy, and a recognition that the nationalities question was not a peripheral one but stood at the heart

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of (and was inextricably entwined with) the issue of reform itself.[5]

Three aspects of Gorbachev's reform program played critical roles in bringing nationalities problems to the forefront of politics. First and foremost was the impact of glasnost, which gave an enormous impetus to the expression of long-simmering grievances by legitimizing public discussion of issues that were previously taboo, and allowing the Soviet media to become settings for genuine public debate. Gorbachev himself gave explicit encouragement to this trend when he complained that for years social scientists had depicted national relations in an excessively rosy light, and that the absence of frank discussions of the problems had in fact exacerbated them. Social scientists, he asserted, should stop depicting national relations in terms "reminiscent . . . of complimentary toasts rather than serious scientific studies."[6]

The leadership's increasingly radical critique of Stalinism, and its call for the development of a new model of socialism, gave further impetus to a fundamental reassessment of the nationalities question. By explicitly criticizing Stalin's deviations from and distortions of Lenin's nationality policy the leadership was, in effect, officially sanctioning a broader public assault. A growing number of articles, letters and roundtable discussions in the Soviet media began to speak out against an overcentralization that undermined the very principle of federation, against economic ministries that rode roughshod over local needs and interests, against language and cultural policies that were tantamount to forced Russification and threatened the extinction of national identities, against the mutilation of national histories and the repression of national elites.

Moreover, the outburst of grievances was not confined to the non-Russian part of the Soviet population. The revival of national self-consciousness extended to Russians themselves, and found expression in complaints that the greatest hardships in the course of Soviet development had been borne by the

[5] On July 1, 1989, responding to spreading ethnic violence in Georgia, Uzbekistan and Kazakhstan, Gorbachev delivered a somber speech on national television appealing for an end to ethnic strife. Warning that those who sought to stir up national hatreds were playing with fire, Gorbachev stated: "The present generation and our descendents will curse both those who pushed us onto this path and those who did not warn in time and halt the madness." (*Pravda*, July 2, 1989.)

[6] *Pravda*, Jan. 28, 1987.

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Russian Republic, the well-being of which had been sacrificed to the progress of the backward regions of the country. In this view, the existing federal system—far from reflecting the domination of Russians over the rest of the union as many non-Russians were now alleging—in fact revealed their victimization. The absence of a separate Russian Republic party organization, or a specifically Russian academy of sciences, some argued, demonstrated the inferior position of Russians within the federation.

Increased official tolerance for the revival of national consciousness (and indeed of religious belief, as the handling of the millenium of Orthodox Christianity illustrated) among Russians and non-Russians alike reflected a broader normalization of regime-society relations, and a growing appreciation of the value as well as the reality of social pluralism. Gorbachev explicitly endorsed this attitude in a meeting with journalists in July 1987 when he asserted: "Every people has its own language and its own history; it wants to understand its roots. Can this be at variance with socialism? Of course not."[7]

The effects of glasnost were given additional impetus by the political "democratization" that by 1988 had come to occupy a central place in Gorbachev's reform program. His reforms radically transformed the Soviet political landscape by encouraging greater grass-roots political activism, expanding the boundaries of permissible political activity and curtailing the activities of the KGB. Where once the effort of a small handful of dissidents to demonstrate against Soviet policy resulted in prison terms, exile or confinement in psychiatric institutions, now mass meetings and public demonstrations numbering many thousands of participants became a regular feature of the Soviet scene. Informal and unofficial organizations devoted to a variety of political and social causes (with environmental issues high on many agendas) proliferated, aided by new communications technologies—above all, personal computers—that facilitated the production and circulation of a myriad of newsletters, communiqués and documents.

While these new political movements embraced a broad spectrum of causes and orientations, common nationality and shared historical grievances were among the most powerful of all potential bonds, and the scale of the national republics and density of contacts among their intellectual elites offered a

[7] *Pravda*, July 15, 1987.

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natural basis for organization. The emergence of popular fronts in the three Baltic republics, the most organizationally and programmatically cohesive of all the new political movements, served as both inspiration and model to other groups, not only in a number of non-Russian republics, including Byelorussia, Moldavia and Georgia, but in many cities of the Russian Republic itself. At the same time, these new movements provoked counter-organizations among the increasingly alarmed and hostile Russians who had settled in non-Russian republics. They saw their own interests and status threatened by developments in the Baltic republics, and they appealed to their own patrons in the central party leadership for support.

Political democratization also altered the status and attitudes of local leaders. Once almost exclusively dependent on political superiors, their careers now depended as well on their perceived responsiveness to local constituencies, as measured by success or failure in competitive elections.

The dilemma of maintaining central control over local officials while encouraging them to be responsive to local constituencies is best illustrated by the dispute over Nagorno-Karabakh—a predominantly Armenian enclave within the Azerbaijan Republic. In June 1988 virtually the entire political leadership of the Armenian Republic supported the transfer of Nagorno-Karabakh to Armenia. The Azerbaijani leadership voted to retain the territory.

This division marked a watershed in Soviet political life. For the first time in its history, the Communist Party itself had fragmented along clearly national lines. Growing national divisions were creating tensions within other republic party organizations as well, prompting repeated appeals from the Baltic leadership to maintain party unity and organizational discipline.

By mid-1989, while the newly elected Congress of People's Deputies was debating the virtues of a multiparty system, many Soviet citizens were claiming that, de facto, one already existed. In virtually every republic, embryonic political organizations had emerged, embracing a broad spectrum of political positions, from explicitly separatist parties in several of the non-Russian republics, to extreme Russian chauvinist organizations like *Pamyat*, to the progressive Popular Fronts, to Christian, Social-Democratic, "Green" and other movements. Local authorities displayed equally varied attitudes toward these new movements: in the Baltic republics many officials had close ties

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with the Popular Fronts, whereas in the Ukraine and Byelorussia the authorities sought to suppress them.

Finally, economic stringency—compounded by the disruptions caused by the very process of economic reorganization—was itself a major source of rising discontent, just as economic growth had earlier contributed to political stability. Emboldened by a political climate that tolerated increasing outspokenness and expression of discontent, striking miners in Siberia and the Ukraine in July extracted major concessions from the leadership and set an example that was likely to have widespread repercussions. Their grievances could be directed against local officials and used to promote more radical reform. In more volatile multiethnic settings, however, economic grievances were increasingly spilling over into communal violence.

In sum, a complex and volatile process of political mobilization was under way in the U.S.S.R. which thrust the nationalities question to the top of the political agenda.

V

The decision to convene a special plenum of the party Central Committee to formulate new directions for Soviet nationality policy was both a response to growing tensions and demands and a catalyst in eliciting alternative proposals. The discussions leading up to the plenum revealed some profound shifts in the very understanding of the problem. But they also made clear both the difficulty and the danger of the task, and the depth of disagreement over what directions Soviet policy should take.

The point of departure of much of the commentary about national relations—and the one area in which a virtual consensus appeared to prevail—was the explicit abandonment of the myth that the nationalities question could be once and for all time "solved." For several decades Soviet policy was based on the expectation that modernization and socialism would automatically erode national identities and loyalties and that a new multinational community, based on the equality, prosperity, harmony and increasing uniformity of all its members, would be the outcome. Such illusions have largely vanished, and in Soviet rhetoric the focus on "solving" the nationalities question has been replaced with a concern over "managing" it.

Yet another staple of earlier discussions that is also vanishing from the pages of Soviet publications is the view that the disappearance of national differences is a possible or desirable

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object of policy. While Soviet scholars and officials have acknowledged for a number of years that national identities are less malleable and more enduring than classical socialist theory posited, what is novel in current Soviet discussions is the considerable value now attached to national distinctiveness and the notion that its disappearance would constitute an irreparable human loss.

This view was most eloquently expressed by a distinguished Soviet ethnographer, Sergei Arutyunov, who explicitly took issue with the traditional view that natural ethnic assimilation is a progressive phenomenon:

> Any disappearance of an ethnos is a tragic phenomenon. . . . The concept of ethnic pluralism should have its Communist variant. . . . Soviet society has an interest in preserving the specific cultural heritage of all ethnoses, since deethnicization leads to a divorce from historical roots with the inevitably ensuing growth of soullessness, the coarsening of behavioral norms, and the loss of the most important moral-ethical values.[8]

In a similar vein, the noted Kirghiz writer Chingiz Aitmatov observed in an interview:

> When we conjecture theoretically that in time, in some distant future, all languages will merge and there will be only one or two languages in the world, we hardly recognize, captivated by the prospect, that the world will be impoverished by this. These "victorious" languages will not have a nurturing environment. Monotony cannot support development. Therefore, it is important to support the diversity of languages as long as possible.[9]

The growing interest in rediscovering, reviving and protecting national groups and their cultural heritage in effect repudiates earlier assimilationist goals. It argues that the newly discovered espousal of pluralism should be extended to ethnicity. If diversity is to be cultivated—both at home and abroad—rather than eradicated, reformers now argue, the fundamental challenge is to reduce the potential for conflict and to create mechanisms for managing it non-repressively.

A third element in the emerging "new thinking" about national relations involves the recognition that a country as vast and diverse as the U.S.S.R. cannot be treated as a monolithic whole. Differentiated policies are required, suited to the

[8] "Natsionalnye protsessy v SSSR: itogi, tendentsii, problemy, Beseda za 'kruglym stolom'," *Istoriya SSSR*, no. 6 (1987), p. 94.

[9] Interview in *Literaturnaya gazeta*, Aug. 13, 1986, p. 4.

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distinctive problems and needs of different regions of the country, and increasingly varied patterns of economic, political and cultural life are likely to be the outcome. How such variations can be accommodated within the framework of a single political, economic and legal universe has now emerged as a major subject of controversy.

Changes in the present federal structure to expand the rights and responsibilities of union republics are likely to be adopted in the months ahead. Constitutional changes have been proposed that would distinguish those areas that are appropriately subject to all-union jurisdiction (e.g., foreign affairs, defense, overall economic planning) from those that can be more effectively managed by local authorities (e.g., economic and social policy, ecology, education and cultural affairs). The precise balance to be struck, however, is the subject of considerable disagreement, and this, in turn, reflects a more fundamental struggle over the nature of the federal system. Moscow sees these changes as a devolution of power from the center, by contrast with some of the radical defenders of republic sovereignty who would limit the powers of the central government to those explicitly delegated by the republics. Indeed, a potential constitutional crisis has already been created by decisions affirming republic sovereignty over the territory of Lithuania, Latvia and Estonia and insisting that no all-union legislation can take effect without explicit approval by republic organs.

The present state structure of the U.S.S.R.—which comprises 15 union republics, 18 autonomous republics, 23 autonomous provinces and 48 autonomous regions (all of which are themselves multinational)—in itself gives rise to new demands. The higher a unit stands in this hierarchy, the greater the advantages it tends to enjoy. But the rationale for many of these arrangements no longer seems persuasive. Several sizable nationalities are demanding that their status be upgraded. Other groups are demanding the restoration of their state structures abolished by Stalin. Disputed territories, like Nagorno-Karabakh, present an additional set of problems. And the prospect of enhanced republic autonomy has in turn triggered violent protests from minority nationalities within these republics who fear that their own rights might be curtailed. Protests in the autonomous republic of Abkhazia (in the republic of Georgia), for instance, touched off the demonstrations in Tbilisi that led to at least 20 deaths in April 1989 and violent outbreaks in subsequent months that have proved difficult to

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control. The Soviet leadership thus faces a difficult trade-off between correcting what are perceived as grave historical injustices and opening up a Pandora's box from which redress of the grievances of one national group can be achieved only at the expense of another.

Pressures for restructuring the federal system focus particularly sharply on altering the economic relationships between center and periphery. The central economic ministries have been the target of harsh criticism for arrogantly ignoring the social, cultural and ecological interests of local communities. They are accused of siting industrial plants without serious consultation with local authorities; importing large numbers of workers from outside many regions without provision for social and cultural infrastructure, forcing overburdened municipalities to deal with the consequences; and of polluting rivers and poisoning the air without regard for the health and welfare of future generations. These built-in features of what has come to be called the "command-administrative system" provoke particular resentment when they are perceived to threaten vital republic interests, as, for example, when massive immigration threatens to make the titular nationality a minority in its own republic.

While a special government commission headed by Yuri Maslyukov, chairman of the State Planning Commission, has prepared draft legislation that would enhance the economic powers of the republics, the Estonian and Lithuanian republics have moved ahead with even more far-reaching plans for economic autonomy. Considerable sympathy for their approach can be found among reformist intellectuals and political figures. Academician Leonid Abalkin, a distinguished economist and now a vice premier of the U.S.S.R., has argued, for example:

> It is necessary to recognize a union republic's sovereign right to solve any problems associated with the construction of new enterprises, regardless of whether they are detrimental to nature or not. After all, when we talk about a territory we mean more than just a shaded area on a geographical map. It means a people's habitat, a social and cultural sphere within which a people's history evolved. And these very sensitive factors, which are impossible to translate into the language of economic calculations, must without fail be taken into account when solving problems of republic self-management.[10]

[10] *Ekonomicheskaya gazeta*, Apr. 15, 1989, pp. 4–5.

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Although the recently elected Supreme Soviet has approved the Baltic plan in principle, a number of delegates and officials have expressed concern that republic economic autonomy is incompatible with a unified economic system and with a social policy requiring redistribution of resources across the entire U.S.S.R. Indeed, some view these proposals as a thinly disguised step toward secession. Although critics acknowledge that greater local control could conceivably yield economic benefits, they fear it would increase tendencies toward autarky at the republic level, which Moscow would be loath to sanction. They point out that at a time when Europe is moving toward greater political and economic integration, pressures for local economic autonomy in the Soviet Union represent a step backward.

Finally, significant changes are already under way with regard to language policy. The Soviet Union is officially committed to bilingualism, but in practice this policy has been one-sided and asymmetrical. The entire population of the Soviet Union has been obliged to study Russian, which serves as the language of inter-national communication in the country as a whole. At the same time, Russians and other non-titular nationalities residing in the non-Russian republics have not been under an equal obligation to learn the languages of the republics in which they live and work.

Following heated public discussions, six union republics have now adopted legislation that makes their national language the official language of the republic and mandates its use in a variety of contexts. This may seem a reasonable solution to members of the titular nationality of the republic, but others perceive it as a grave threat. Not only does it have great symbolic importance, but language policy has a decisive influence on the educational and career opportunities of different groups. Because the Russian settler communities or other nationalities residing in these republics will be obliged to adjust to these changes in their status if they choose to remain, many of their members have understandably been in the forefront of resistance to these measures. Moreover, during the long term these changes—which will enhance the cultural distinctiveness of the various republics—will increase the obstacles to mobility throughout the U.S.S.R.

These developments have focused new attention on how to guarantee the rights of all Soviet citizens against infringements by local as well as central authorities. They have also provoked

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a discussion of how to address the language and cultural needs of the large number of nationals living outside their titular republics—some 55 million Soviet citizens, by recent count. New opportunities for the creation of voluntary associations and cultural institutions have emerged in the past few years, and these might well supplement state institutions in serving the needs of ethnic minorities. Nonetheless, it is safe to assume that controversy over language and cultural rights will be a continuing feature of the Soviet scene, whatever measures are adopted.

All these policy dilemmas point up the need for new political mechanisms in which conflicting demands can be expressed and managed in a noncoercive way. The Supreme Soviet (in particular its Council of Nationalities) is emerging as a major forum for addressing problems of national relations. But a whole range of new institutions—from research centers, to government agencies, to judicial institutions—will have to be created to manage the complex issues that lie ahead.

VI

The Gorbachev coalition is caught between contending forces pressing for and against major changes in nationality policies. Moving forward on these issues without violently antagonizing any major constituency will tax the considerable political talents of the Soviet leader. His strategy appears to be to build a coalition between reformist elements at the center and the moderates in the various republics and regions around the country (reaching out to distinguished members of the intelligentsia of different national groups) to avoid a polarization of political alternatives along national lines. At the same time, he has been careful not to open himself to charges that he is presiding over the dismantling of the Soviet Union.

Only a short time ago one of Gorbachev's problems was how to stimulate initiative on the local level. Now he faces the challenge of containing and channeling local forces. The rapid tempo of events and the limited instruments available to the central leadership (short of a potentially disastrous resort to coercion to enforce "law and order") make this a particularly daunting task.

The mounting tide of national tensions in the Soviet Union also poses a challenge to Western observers. The events of the past few years call into question earlier predictions that identified Islamic fundamentalism as the critical source of potential

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destabilization, urging Western policymakers to exploit it. Recent developments also reveal the limitations of other conventional paradigms—that the fundamental cleavage in Soviet society pitted Russians against non-Russians or that Great Russian nationalism had captured the Soviet elite.

All this underscores the complexity as well as the volatility of the Soviet scene and the difficulties in assessing—let alone predicting or influencing—political developments there. Under the circumstances the United States would be well advised, while reaffirming the principle of national self-determination and cognizant of the special legal status of the Baltic states, to refrain from aligning itself in support of one or another national group. What the United States should do is to broaden its knowledge of the diverse nations and territories that make up the Soviet Union and to expand the spectrum of political, cultural and economic contacts with them.

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Gidon Gottlieb

ISRAEL AND THE PALESTINIANS

The rush of notable events set into motion by the uprising nearly two years ago of Palestinian Arabs in the West Bank and Gaza is impressive. Two decades of near tranquility in Israel's occupied territories were shattered. The *intifadeh* provoked Jordan's King Hussein to relinquish his claims to the West Bank, which his grandfather had annexed in 1951. It led the Palestine Liberation Organization to declare Palestinian independence, to renounce terrorism and to accept Israel's right to exist, which in turn paved the way for the diplomatic dialogue between the United States and the PLO. Finally, in Israel, it led the Likud-Labor coalition to adopt an initiative for elections in the occupied territories for transitional self-rule to be followed by negotiations on their final status. Opponents on all sides rallied in an effort to cripple Prime Minister Yitzhak Shamir's initiative. These events, and more, were crammed into a short period of time, creating a sense of unparalleled passion and fluidity, of fears among some and euphoria among others.

But has all this brought a settlement of the long festering conflict any closer? In the absence of any indication that Israel is prepared to withdraw from at least some of the disputed territories, or that the Palestinians are willing to settle for something less than an independent state, what is there to talk about? Is there any realistic diplomacy that can sidestep the questions aptly put by Henry Kissinger: What territories, if any, will be given up by Israel? Who shall govern there? And what security arrangements will prevail after Israel's withdrawal? Can Israel be asked simultaneously to give up territories and permit the foundation of a PLO state?

There are no clear answers yet to any of these questions and the present outlook is grim on the three main concerns: the peace process itself, the issue of Palestinian representation and

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the nature of the permanent solution. Yet leading Israeli officials and Palestinian leaders have in fact started to draw tentative and vague images of what a permanent solution might look like. Though largely unnoticed, amid the rush of dramatic incidents, these images are significant; they form a new psychological context for every step in the peace process.

Israelis and Palestinians alternate between a hard and a soft rhetoric. The hard speech of rejection gets the most attention, but the softer, insinuating subtext intimates the outlines of the conceivable. The softer subtext suggests that Israel will be ready to offer maximal self-rule and political rights for the Palestinians in the West Bank and Gaza, the formula called "self-rule plus," and that the Palestinians will be prepared to accept a "demilitarized state" linked to Jordan.

In seeking the contours of a conceivable solution, it is clear that the simple measures of earlier days will no longer do. The old arsenal of remedies used to end the Arab-Israeli wars is inadequate: ordering armed forces to new lines, enlisting U.N. observers, separating adversaries and so on. Fresh thinking about relatively unfamiliar notions has to adjust to a conflict that has an unmistakable communal dimension.

The principles involved in a conceivable solution are hardly those conventionally associated with either the Likud or the PLO. Yet they can be discerned and abstracted from both the published and implicit views of "hardline" Israelis and of the PLO leadership in Tunis. They come alive in the context of broad themes on which the subtexts of Palestinians and Israelis coincide to a significant extent. These are themes heard not among dovish circles only—hence their significance.

II

The issue of Palestinian representation bedevils all efforts to create an environment to launch and sustain negotiations. Israel refuses to have any dealings with the PLO, for reasons that run deep. The present Israeli government fears that talking to the PLO goes a long way toward accepting the legitimacy of Palestinian aspirations for a state that would constitute a mortal danger for Israel. Moreover, many in Jerusalem doubt that the PLO has the authority it claims to have in the occupied territories despite the verbal support lavished on it. Leading officials in Jerusalem are convinced that for making peace there is only one Palestinian community that matters, the inhabitants of the territories. Beyond Israel they

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have to face the terrorist factions subservient to Syria. The PLO, as they see it, is disorganized and fragmented. For their part, important Palestinian factions continue to oppose any political accommodation with Israel. Some, like the Islamic Hamas, militate for the obliteration of the Jewish state: "There is no solution for the Palestine question except through *Jihad* [Holy War]."

Some in Jerusalem still hope that the PLO will fade away before negotiations on final status begin. They put faith in the emergence of an authentic local leadership that, in spite of lip service paid to the PLO, can be expected not to hand over control of its destiny to the men in Tunis. They know the bitter hostility of Syria's Hafez al-Assad toward Arafat. They are also familiar with King Hussein's wariness of the PLO. They believe that neither the PLO nor its leader is trusted or loved in other Arab capitals despite the diplomatic backing it receives. They believe further that the organization is largely a creature of the smoke and mirror effects of international diplomacy, which, with time and patience, will eventually become irrelevant. In the meantime however, the PLO maintains its hold on the hearts of Palestinian Arabs and continues to weave its involvement deeper into the fabric of world diplomacy.

Moving the peace process along is a high-wire act. Washington faces contradictory pressures. Israel and the local Palestinian leadership must move toward agreement on procedures for elections if these are ever to be held. However, the local leadership shows no signs of moving without the PLO's approval. No progress is thus possible without the participation of Tunis, and Arafat will not go along unless he is satisfied that the process will carry him further along the road leading to a Palestinian state. The United States must therefore cajole him with gestures and assurances to obtain his agreement.

The steadfast refusal of Israel to have anything to do with the organization, and the deep dismay that the U.S. dialogue with the PLO has engendered in Jerusalem, do not alter the reality of the need to secure the assent of Tunis to the Shamir initiative if local leaders are to enter into a dialogue with Israel, stand for elections and negotiate agreements for transitional self-rule. A peculiar feature of the U.S.-managed peace efforts, therefore, is to engage the PLO as a party to the process despite Israel's refusal to deal with it. As a result the United States is now pursuing a "duologue" in which it carries on two separate dialogues without acting as an intermediary. In the dialogue

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with Jerusalem, the government of Israel refuses even to be briefed on the U.S. dialogue in Tunis; Jerusalem does not concede the relevance of the views of the PLO leaders to any foreseeable political process. Nevertheless there are surprising similarities of views between the leaders of Jerusalem and Tunis that can best be seen by juxtaposing some of their public positions.

III

Throughout the process, some concepts and phrases have become symbols, code words and battle cries. The idea of a "state" for the Palestinians, the notion of "withdrawal," the concepts of "sovereignty" and "self-determination" and the formula "land for peace" all belong to the family of verbal expressions; buzz words that must be de-demonized and demystified or simply sidestepped. Coalitions and alliances have formed around these concepts, which impede the fluidity of discourse on the future of the territories. But the considerable symbolic potency of some of the more difficult concepts—such as sovereignty—can be defused. This can be achieved by a careful "deconstruction" into their discrete components.

The End of Israeli Rule Over Palestinian Arabs.

This is without question the key to any progress. Contrary to common opinion, it is not a point of contention. All sides agree that Israel should no longer rule over the more than 1.5 million inhabitants of the West Bank and Gaza. This principle is the foundation of the Camp David accords and is equally central to the Shamir initiative. It is contested by none of the major parties in the Knesset. To this end, the Israel Defense Forces will be withdrawn and the remaining Israeli forces will be redeployed into specified localities. The military government and its civilian administration will also be withdrawn.

This much is unexceptional and has already been agreed to in the Camp David Framework Agreement, which promotes the principle of self-government by the inhabitants of the territories and the legitimate security concerns of the parties involved. The accords contemplate that these Israeli withdrawals will take place before negotiations on the final status of the territories begin. The accords thus provide for the withdrawal of Israel's forces from the West Bank and Gaza except from specified security locations and except to the extent that Israeli forces participate with Jordanian forces in joint patrols and in

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the manning of control posts to assure the security of the borders.

Palestinian-Jordanian and Israeli Links.

The notion of a confederal link between Jordan and Palestinians on the West Bank is now generally accepted. Last November in Algiers, the Palestine National Council (PNC) confirmed "the privileged relationship between the two fraternal Jordanian and Palestinian peoples, and that the future relationship between the two states of Jordan and Palestine will be established on confederal bases."

The consensus on the need for a link between the two banks of the Jordan does not tell us what kind of Palestinian polity would emerge in the West Bank and Gaza. The PLO insists that it be an "independent state," but what does this really mean? The notion of state in international practice calls to mind different images. The United States, Vanuatu, the Vatican, Austria and Byelorussia are all states in international law. The PLO and the Palestinians now under Israeli rule are determined to get their "state." It is the aim and end-all of their movement. They aspire to such a state as a symbol of their vindication and honor, a state with a flag, delivering passports to its citizens, with a government of its own replacing foreign rulers. It would take its rightful place in the family of nations and affirm the common identity of Palestinians, their common fate and their aspirations. It would provide justice, compensation and solace to the Palestinian refugees and restore their right of return to their country. This is precisely the sort of state that the Israeli government opposes.

One striking feature in the discourse of Israeli and Palestinian leaders is their willingness, at a time of continuing strife, to speak of institutions common to the two peoples. The institutions discreetly alluded to are not limited to the economic realm. They also encompass political and functional concerns like water resources. In this matter, it is best to quote the principals. Yasir Arafat was asked in one interview: "Everyone talks about a Palestinian confederation with Jordan. . . . Would you consider a confederation with Israel?" His answer was, "Why not? Look at the EEC. The youth of Europe are living peacefully together, not killing each other the way their fathers did."[1] His willingness to endorse the idea of a confederation

[1] T. D. Allman, "On the Road With Arafat," *Vanity Fair*, February 1989, p. 180.

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with both Jordan and Israel, and of the Benelux model in trade and economic matters, is particularly telling. "Benelux" and "confederation" are rapidly turning into new code words pointing to a future of active relations rather than to a cold peace. This concept has even received the support of a Soviet representative to a Cairo conference earlier this year who urged Palestinians to think of new solutions: "One must speak of confederation with Israel, not with Jordan only."[2]

Prime Minister Shamir's chief of staff, Yosef Ben-Aharon, has also spoken of "a future confederal arrangement based on ties with an Arab party east of the Jordan River and west of the river that could be acceptable after a transition period of autonomy." He observed that "a construct that includes three entities makes more sense than a confederation between two states."[3] He was very specific: Palestinians would choose leaders to represent them in a new confederal body with Israel and Jordan. "They would represent the entire territory." The seat of the new administration—like that of the Israeli government—might be in Jerusalem where, together with the elected Palestinians, there would be representatives of Jordan and Israel.

The confederation, as Ben-Aharon suggested, would acquire its constitutional authority not from Israel, Jordan or the Palestinians, but from the agreement among all three, making the newly formed body the sovereign entity in the territories: "That's the higher umbrella which connects all three elements."[4] Ben-Aharon recognized that Israel would also be required to cede some sovereignty to create the confederation. He added that each of the three parties could have a veto over major decisions, including the allocation of water resources and the establishment of new Israeli settlements. The confederation would have wide powers in economic legislation, licensing, freedom of access and passports. On these matters, Prime Minister Shamir himself is more guarded. He has said, how-

[2] Translated from an article by Yosef Harif, *Maariv*, Jan. 27, 1989.

[3] Translated from an article by Akiva Eldar, *Haaretz*, Jan. 6, 1989.

[4] The views of Ben-Aharon were outlined in an interview with Janet and John Wallach, *The Washington Post*, March 26, 1989, p.1, as well as in *Haaretz*, Jan. 6, 1989, p.1, and the *Jerusalem Post*, June 15, 1989, p.1. For an earlier and more elaborate study of two- and three-way constructs, see the author's article on "The Future of Palestine/Eretz Israel," in *Divided Nations in a Divided World*, eds. G. N. Henderson and J. G. Stoessinger, New York: D. McKay Co., 1974.

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ever, that he is open to discussions not only about autonomy but about federation as well.

Distinctions must be made between a confederation of a territorial nature, a confederation between states, and one between peoples. Likud may not be opposed to a confederation between the Palestinian people and Jordan, provided the issue of sovereignty can be sidestepped. Likud has long sought to solve the question of the rights and status of the Palestinian Arabs before the status of the land. A separation of the two issues—the political rights of a people and their territorial claims—is fundamental to any approach that the nationalist center is prepared to entertain. Flexible and innovative formulas can be found in the framework of the confederal idea. Complex political and juridical notions such as "state" and "republic," with all their ideological significance, will have to be adjusted to the specific, real and symbolic needs of Israel and the Palestinians.

King Hussein long ago shared the vision of the unity of both banks of the Jordan River. He wrote in his 1962 memoirs, *Uneasy Lies the Head*, that "Palestine and Jordan were both (by then) under British Mandate, but as my grandfather pointed out . . . they were hardly separate countries. Transjordan being to the east of the River Jordan, it formed in a sense, the interior of Palestine." Yet Hussein decided on July 31, 1988, to dissociate his kingdom from the West Bank, and Jordan has since largely removed itself from the diplomatic process dealing with the future of the territories.

It is by now plain to see that both Israel and the PLO wish Jordan to play a key role in the permanent solution for the occupied territories. Jordan will likely be drawn back into the maelstrom of the Palestine problem. The King will be called to play a central role in negotiations that could lead to the establishment of a confederation with the Palestinians. The old "Jordanian option," with Jordan returning to territories vacated by Israel, ended with the King's speech of July 1988. But Jordan ultimately remains an essential party to any permanent solution.

The United States has for a long time advocated a link between the two banks of the Jordan. President Ronald Reagan, in his speech of September 1, 1982, spoke of "self-government by the Palestinians of the West Bank and Gaza in

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association with Jordan." This is the formula that Secretary of State James Baker repeated in his speech of May 22, 1989.

Foreign and Trade Relations.

The Shamir concept of self-rule for the Palestinian Arabs excludes the conduct of foreign relations. Jerusalem's opposition to a Palestinian state and the Palestinian Arabs' aspiration to such a state will turn foreign relations prerogatives into a central issue when a permanent solution is negotiated. The conduct of foreign relations is rich in symbols. But in this matter also, the arsenal of formulas and solutions provided by the concept of confederation could come to the rescue.

Palestinian spokesmen maintain that the state they demand will give Israel a bridge to the Arab world and pave the way for the acceptance of Israel by the Arabs, something that not even Egypt could do. In a benign relationship, a confederation or a similar construct linking Palestinians with Jordan could be guided by the twin principles of neutrality and demilitarization. It could be given international standing separate from and in addition to that enjoyed by Jordan in the international community, without in any way affecting or modifying Jordan's own status.

On a formal juridical plane no obstacle exists to giving an entity that forms a part of another sovereign state full membership in the community of nations. Thus, the United Nations recognized from the start the membership of the Ukraine and Byelorussia—a formal juridical precedent for some, an anomaly for others. It is a precedent nonetheless that unties the notion of international standing from that of independent statehood in a manner that could also be used creatively to resolve other major conflicts around the world. These two notions were also untied in Western Europe, where the European Community now engages in diplomatic relations side by side with its member states.

The views now beginning to be heard in Jerusalem and Tunis on future market arrangements are strikingly similar (although Israel's positions have certainly not been addressed with a Palestinian audience in Tunis in mind). Arafat's vision for the economic future of the area is one of association and cooperation, not of partition and separation. He envisages an economic union in the region like the one that currently exists among Belgium, the Netherlands and Luxembourg and extending even further, "Jordan, Israel, Palestine, Lebanon, the

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area. You think that peace [is] only a paper? Peace has something to be implemented, joint ventures, another Marshall [Plan]."[5] On the other side, in Jerusalem, similar views are held in Prime Minister Shamir's office: a currency arrangement reflecting the affinity between the Israeli shekel and the Jordanian dinar. In such a construct the Arab side would be given free port facilities in Israel; this has indeed been a long-standing offer made to Jordan. Shimon Peres has also spoken in support of a Benelux approach.

The United States and the European Community have the means to reinforce the commonality of economic interests between Israel and its Arab neighbors and to enhance benign aspects of a Palestinian polity. The U.S.-Israeli Free Trade Agreement could be extended to the whole of a nascent common market community while the EC would be requested to enter into a generous agreement of association with it. Thus, it will be incumbent on outside powers to give the area an economic lift to stabilize its societies.

Ideology, State and Homeland.

All the governments of Israel, whether dominated by Labor or Likud, have distinguished between the *State* of Israel and the *Land* of Israel. Apart from Egypt, no Arab state has been willing to recognize any boundaries for the Jewish state. The boundaries of the Land of Israel are biblical and are broadly synonymous with those confirmed by the League of Nations for the old British Mandate area. They include all of Palestine west of the Jordan River. Before 1967, the State of Israel was demarcated by the 1949 armistice lines. The distinction between the State of Israel and the Land of Israel is thus based on international and juridical considerations.

This distinction is suggestive of two important principles:

—state and homeland are separate concepts;

—the national rights of a people can be exercised in different fashions in different parts of the homeland.

On the Arab side, the deeply felt claims to all of Palestine (including all of Israel) also form a formidable ideological obstacle. It deeply divides the PLO. The PLO had long rejected coexistence with a Jewish state and anything that might smack of a two-states solution. This position was discarded in the resolutions adopted at the Algiers meeting of the PNC in 1988.

[5] Interview by Mike Wallace, "Sixty Minutes," CBS News, Feb. 19, 1989.

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However, the PNC has yet formally to repeal its covenant that calls for armed struggle to replace Israel by a secular, democratic state of Palestine. A few influential and hardline members of the organization continue to support a phased strategy that is intended ultimately to remove the state of Israel from the map.

From a Palestinian nationalist perspective Jaffa, Haifa and Nazareth are no less part of the Palestinian homeland than Jenin, Nablus and Hebron. The Palestinian refugees of the 1948 war dream of their return to homes in areas west of the armistice lines in those parts of Palestine that Arafat would now concede to the Jewish state. The PLO's decision to assent to a two-states solution for the first time implicitly accepts the principle that for the Palestinians also, state and homeland can be separate concepts. In this regard the opposing positions of Israel and the PLO are now symmetrical.

The principles that an Israeli Jew is in his homeland anywhere in the Land of Israel beyond the limits of the State of Israel, and that a Palestinian Arab is in his homeland anywhere in Palestine west of the Jordan River, faithfully represent the attachment of both peoples to their land. Agreement will be necessary on the extent and nature of the rights that Israelis and Palestinians will concede to each other in areas regarded as part of the others' homeland. Clearly, neither Israelis nor Palestinians will accept the settlement of large numbers of Arabs in the case of Israel, or of Jews in the case of the Palestinians, on the basis of a homeland theory or on any other grounds.

States rather than homelands have rights and duties under international law. The notion of homeland has no juridical standing. However, it is entirely possible by treaty to give legal expression and legal status to the concept of homeland as distinct and separate from the concept of state. Such a juridical construct can be designed to overlap with or arise side by side with the concept of state while remaining distinct from it. A people may thus perceive that it has rights in a homeland that stretches across state boundaries.

The problem of the Jewish settlements and towns established beyond the Green Line (demarcating the 1949 armistice frontiers with Jordan and Egypt) could be approached under a homeland formula. Israeli Jews beyond the state limits would be citizens of Israel yet living in their homeland, the Land of Israel. In the framework of a two- or three-party confederation,

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the presence of scattered Jewish communities among the Palestinian Arabs should not be an anomaly.

Sovereignty.

Sovereignty is, in Prime Minister Shamir's words, "the most difficult issue between nations in any national conflict." Ingrained habits of thought among statesmen raise it up again and again. It remains a potent symbol. Yet for our purposes, it is a redundant notion, one that serves no function in the solution of this conflict, a notion that in truth is best sidestepped. It should be possible to avoid altogether the debate over sovereignty in the West Bank and Gaza by distributing its various attributes among the parties in such a way as to satisfy their essential demands.

Sovereignty in a three-party confederation has already been discussed in Jerusalem. Ben-Aharon would place the area under the sovereignty of a tripartite confederation of Israel, Jordan and the Palestinians. It would acquire its constitutional authority not from Israel, Jordan or the Palestinians, but from the agreement linking all three, making the newly formed body the sovereign entity in the territories. One particular advantage to this solution is that it could make it possible to dispense with an agreement on sovereignty altogether or to settle for a purely formal outcome that will pose no problem to the ideologues in Israel who pledged there will be no Arab sovereignty in any part of the country west of the River Jordan. A solution of this character should also go a long way to satisfy some Palestinian nationalists.

Self-Determination.

This is another issue shrouded in a cloud of dense emotions and the confusion of evolving legal doctrines. Derived from President Woodrow Wilson's Fourteen Points, it became associated in U.N. practice with the process of decolonization. Self-determination is a right that a people is supposed to exercise when a territory emerges from colonial rule. It is a right that all states attempt to circumscribe whenever they face the national claims of a minority for secession or autonomy. In the context of the Palestine question it has become a euphemism for the right to establish a state.

But the concept of self-determination was given quite another meaning in the elaborate Evian Agreements of 1962 that ended France's Algerian war. Those agreements provided that the Algerian people would vote in a "self-determination con-

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sultation" whether to accept or to reject the accords that had been negotiated between France and the FLN (National Liberation Front). The accords established that the right of self-determination can be exercised by a people when it votes in a plebiscite on a negotiated agreement.

The Evian Agreements are particularly germane because the struggle of the Algerian people is widely regarded in the Arab world as the high-water mark of heroic opposition to foreign rule. They cannot be faulted in Arab eyes. They can serve as a highly valuable precedent in negotiations for a Palestinian settlement.

In Israel, the phrase "self-determination" seems to be losing some of its threatening overtones. Speaking from the Prime Minister's office, Ben-Aharon commented that he was "not afraid of the term 'self-determination for the Palestinians'. . . . The label 'self-determination' is semantic. . . . I can also say that I would give the Palestinians self-determination. If our scenario materializes, we can give them a great deal to satisfy their political aspirations and this is a kind of euphemism for self-determination." He was even more explicit when he said, "If you say that there are ten components of self-determination, the Palestinians can achieve nine of them. An anthem and a flag will not be given to them by any Israeli government."[6]

Boundaries and Other Functional Lines.

Israelis and Palestinians alike appear to accept the notion that a multiplicity of lines, serving different functional purposes, will separate Israel from its neighbor to the east. This in a real sense is "new thinking." In the Camp David accords, for example, Israel agreed to differentiate between its borders and lines for the redeployment of its military forces. Israeli officials have also made reference to Israel's security boundary on the Jordan River that need not coincide with its political limits. Israel has constantly distinguished between the limits of the State of Israel and those of the Land of Israel. In a speech in New York Prime Minister Shamir said early in 1989 that he hoped for "the kind of cooperation and understanding with our Arab neighbors which will make borders irrelevant, . . . just as they are becoming irrelevant in Europe." On the Palestinian side, Arafat's support for the principle of a common

[6] Menachem Shalev, "Not Afraid of Palestinian Self-Determination," *Jerusalem Post*, June 15, 1989, p. 1.

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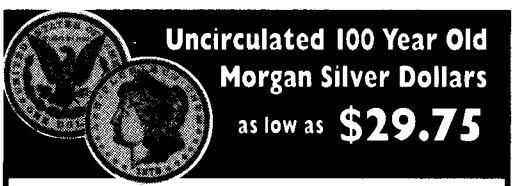

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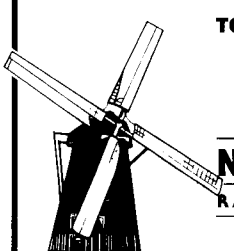

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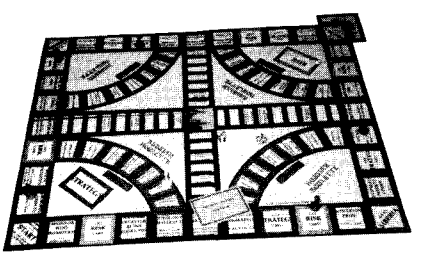

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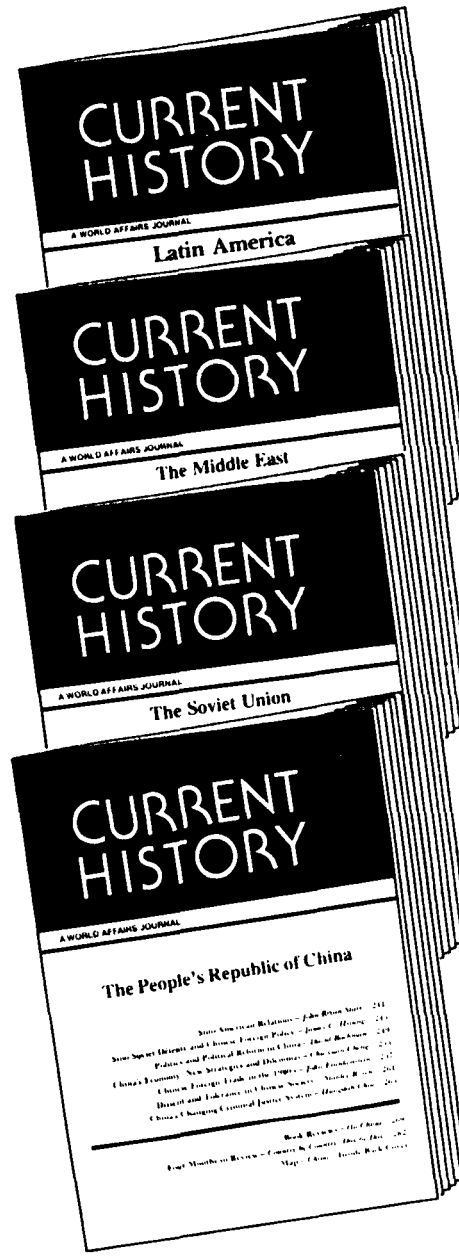

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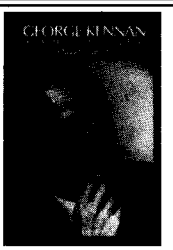

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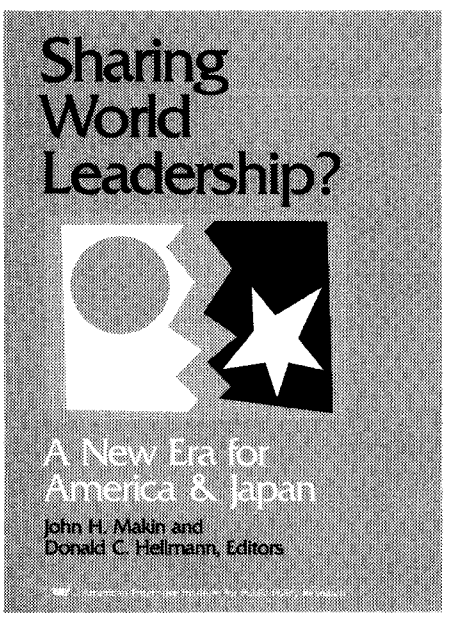

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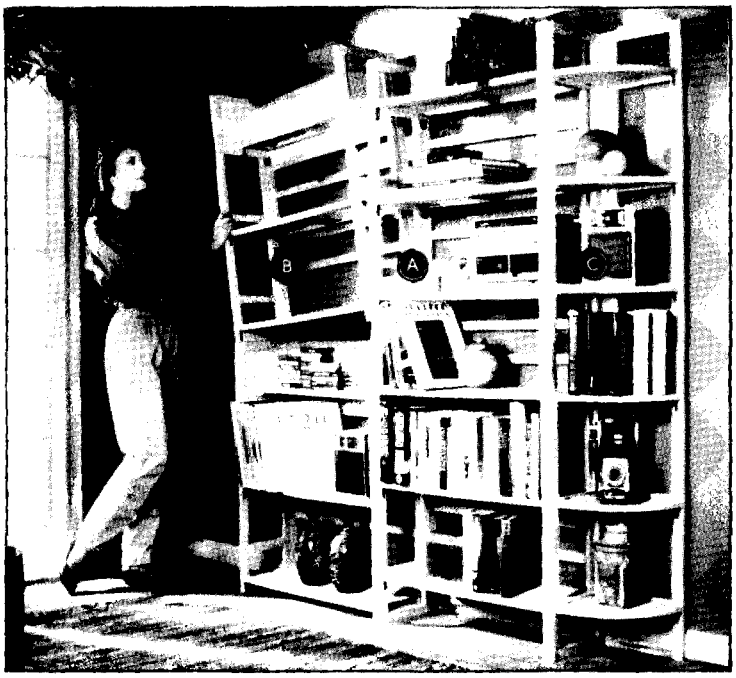

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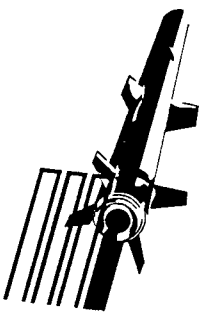

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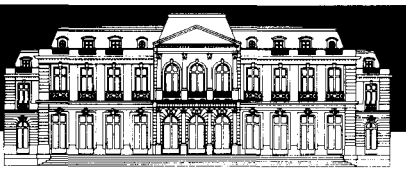

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market with Israel implicitly distinguishes between political borders and functional borders of an economic character. Like Shamir, he supports an approach inspired by European solutions to age-old conflicts.

These positions are of profound significance, for they point to a readiness by both Israeli and Palestinian leaders—always bearing in mind that Arafat is not in Israel's view a partner for peace—to blend aspects of two approaches to an eventual solution of the conflict. These can be characterized as, first, the separation approach that would reestablish the physical barrier between Israel and its Palestinian and Arab neighbors that prevailed between 1948 and 1967 and, second, the cooperative or functional approach that would look for pragmatic solutions to different categories of problems: security, water, trade, finance, holy places, refugees and so on. A combination of selected features of the two approaches, "association through separation," would yield a variety of boundary and demarcation lines that are increasingly common in the practice of states. This approach does not imply that either Israel or its Palestinian neighbor would agree to an influx of unwanted workers, immigrants or settlers beyond those they might specifically agree upon.

Security Arrangements.

The issue that will make or break any agreement is the issue of security. Without security arrangements that satisfy Israel, there will be no agreement. The facts are well known though they can be obscured by a comparison of Israeli armed strength with that of the PLO. Israel in its struggle for survival had to face military dangers far greater than those posed by the Palestinians. Since 1948 Israel has been at war with Egypt, Syria, Iraq, Jordan and even Lebanon; Egypt alone has made peace with Israel, and a cold peace at that. Hence Israel views its security problem in terms of the Arab world as a whole.

Israel has a diminutive territory with no strategic depth. The whole state would fit comfortably in a typical American county. From what is essentially a beachhead on the Asian mainland, Israel faces on its eastern front formidable Arab forces greater than those of NATO in Europe. Syria and Iraq alone can muster an armada of 10,000 tanks. The quantitative gap between Israel and these forces continues to widen. The Arab armies are being equipped with accurate ballistic missiles. Egypt, Syria and Iraq have a proven gas warfare capability.

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None of the Arab regimes is democratic and they have all experienced coups, assassinations or uprisings to which they remain vulnerable. In Egypt and many other Arab states, political stability is threatened. Islamic fundamentalist movements dedicated to the destruction of Israel aspire to seize power. Domestically, Israel's security problems are compounded by its Arab minority, which consistently votes for parties hostile to the Zionist ideals and increasingly expresses solidarity with the *intifadeh*. Internationally, Israel's isolation has become proverbial and its only remaining ally, the United States, has begun to retrench in Europe as America enters an era beyond containment with limited capability to project power in the Middle East. All the while, the Soviet Union continues massive arms sales to its Syrian ally, extends the strike range of the Libyan air force and is close to a major arms deal with Iran.

Taken cumulatively, Israel's security problems appear daunting despite the proven valor of its armed forces. Its military strength is to no avail in the struggle with Palestinians in the territories. Nor would it be effective in countering the spread of the *intifadeh* into Israel proper that many observers now expect.

On the Arab side, Palestinians, Lebanese, Syrians and Egyptians have all experienced firsthand the force of Israeli arms at one time or another during the past 25 years. The perception in the Arab world that Israel presents a threat is thus easily understood, especially since Israel is credited with its own powerful nuclear arsenal. From an Arab perspective, the fact that Israel has been struggling for survival in an Arab world that calls for Israel's extinction is beside the point; what counts is that it is Arabs who have found themselves under Israeli rule and not the other way around. Hence the Arab side too will seek some security assurances, although its leaders know that the root of the conflict in the area lies in the hostility of the Arab world to the Jewish state. It is this very hostility that has built Israel into a major military actor.

Territory is a major component of Israeli security. It is needed for warning time to mobilize the civilian army and to carry the battle away from the vulnerable heartland. The Israel Defense Forces require early warning stations on the ridges above the Jordan River that are only 12 hours' driving time away for Iraq's huge mobile tank forces. It also enables Israel to monitor a security fence along the border with Jordan to

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prevent the infiltration of terrorists, to keep the vital city centers of Jerusalem and Tel Aviv beyond small arms and mortar range, and to keep its highways safe for travel. Military considerations such as these dictated the territorial plan of Yigal Allon two decades back that remains the basis for the Labor Party's peace proposals. When it was in power, Labor strenuously resisted efforts to have Israel withdraw to the armistice lines of June 1967, which Abba Eban once described as the "lines of Auschwitz" for the deadly danger they posed to the survival of Israel.

The lines demarcated for different military purposes need not coincide; patrols along the Jordan River, early warning *stations, areas for the redeployment of forces, demilitarized* zones and special strategic areas could all be considered if one is to take seriously Arafat's statement that "a peace settlement will contain every conceivable condition necessary to guarantee Israel's security." The security regime for areas from which the Israeli army will have withdrawn or from which it will be redeployed will undoubtedly be one of the thorny issues in negotiations.

Refugees, Right of Return and Citizenship.

Fatah's second in command, Abu Iyyad, wrote in 1981 about the Palestinians' need for "a flag and a passport." This is a recurrent theme in the Palestinian rhetoric. It expresses their craving for dignity, identity and roots. It also addresses the problem of the Palestinian refugees, many of whom are stateless or travel on refugee documents. The symbolism of a flag and a passport is not to be dismissed lightly. A passport usually signifies the right of the holder to travel back to his country; the issue, therefore, is closely linked to one of the thorniest questions, the right of return.

A dual system of passports for Palestine "nationals" and for "citizens" of the confederation could help address the problem of the refugees. This could be done in terms that would differentiate the rights of refugees from those of the inhabitants of the territories. A national passport would express for every holder the emotional and symbolic bond that unites the Palestinian people. The rights of "nationals" in a future confederation would have to be defined with care. Inhabitants of the territories would be entitled to a passport of "citizen" of the confederation in addition to the national papers.

The right of return is one of the great symbolic issues of the

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conflict. The declaration of Palestinian independence implicitly distinguishes between two parts of Palestine: the state of Palestine and the state of Israel. Before the declaration, the right of return applied, in the Palestinian view, to the whole of Palestine. The declaration has altered the position of the PLO, which now accepts coexistence with the Jewish state. The PLO has not yet clarified its position on the right of return to the areas that it is now willing to concede to Israel for the first time. The new PLO position does, however, suggest that the right of return does not have the same meaning as it applies to Israel and as it applies to the state of Palestine. In Arafat's words, the state of Palestine is the state of "all" Palestinians, presumably also the state of the Palestinian refugees. Does the PLO affirm the right of return of Palestinians to a Palestinian state or also to Israel? Will it be satisfied with compensation for those who choose not to return to the Palestinian state?

The inexcusable plight in which so many refugees are still trapped requires that compensation be not only full and prompt but that it be generous as well. The international community will be called upon to help. But no Israeli government can agree to the actual physical return to Israel of the descendants of the refugees of the 1948 war. Such a return, it is widely believed, would spell the end of Israel as a Jewish state. The PLO would not necessarily insist upon it, provided the Palestinian refugees of the 1967 war are granted the right of return to the West Bank and Gaza. The principle of compensation for all Palestinians who choose not to return is not contested by anyone.

Jerusalem.

It is perhaps wise at this stage not to explore too deeply the most emotionally loaded problem of all: the future of Jerusalem. The tantalizing comments on the future of the Holy City by Prime Minister Shamir's close aide suggest the barest framework of an approach. Jerusalem would remain an undivided city. The municipal limits could well be enlarged. This would make room for the institutions contemplated for the confederation, which would have its seat in Jerusalem together with its Israeli, Jordanian and Palestinian representatives. Jerusalem would remain, of course, the capital of Israel, and since it could also be the capital of the joint confederation it would thus become a true "capitals district." On this problem as well, a confederation formula may ease the way.

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IV

The difficulties of turning the "soft" subtext into reality are truly awesome. In Tunis, Arafat appears to be the main unifying force behind the new two-states policy. It is not clear who could replace him were he to leave the scene. In Israel, perhaps only a leader from the right is in a position to make the difficult decisions, as was true when President Nixon managed a successful opening to China. It was, after all, Menachem Begin who concluded peace with Egypt. It may take a Shamir to reach a historic compromise with the Palestinians.

The salient features of such a compromise are beginning to stand out from the analysis above. In a conceivable solution:

—Israel will not rule over the Palestinian Arabs in the West Bank and Gaza;

—Israel will withdraw its military administration and redeploy its forces in specified security locations;

—there will be elaborate security arrangements involving demilitarization and other measures;

—several kinds of boundary and other lines will be drawn for different purposes.

—The solution is likely to involve a two- or three-way construct or confederation among the Palestinians, Jordan and Israel.

—The political rights of the Palestinian people and the formal status of the lands between Israel and the Jordan River can be disentangled from one another and dealt with at different times.

—The two concepts of statehood and homeland will also have to be disentangled and adapted to the specific ideological requirements of Israelis and Palestinians alike; some national rights—including the presence of some settlements—will have to be confirmed in those parts of the homeland that lie beyond state limits.

—"Sovereignty" and other divisive notions and code words may have to be deconstructed or sidestepped altogether.

—"Association through separation": The permanent status of the West Bank and Gaza will combine aspects of a separation as well as aspects of a solution based on association. The separation features will protect the national character of the Jewish and Arab polities; association will allow practical problems such as trade and water resources

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to be addressed within the two- or three-way construct linking Palestinians with Jordan and Israel.

A settlement along the lines gingerly hinted at in Tunis and Jerusalem would have evident weaknesses. It would be complex and ambiguous. It could fail to fully satisfy the ardent constituencies on either side that clamor for a clearcut outcome. It would bypass the problems of sovereignty, of statehood and of boundaries in terms that are familiar to the embattled nations. It would create closer economic and trade links between Israelis and Palestinians than many consider desirable. It would disappoint many and antagonize those who refuse to compromise historical rights and just claims. It could be vulnerable to a demographic tide more threatening to Israel in time of peace than in wartime. It would be exposed to religious passions.

Yet, for all the impediments and for all the ominous threats to the diplomatic efforts, the significant and consistent, gentler subtext of the rhetoric begins to show the way to a viable Israeli-Palestinian coexistence.

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Juan de Onis

BRAZIL ON THE TIGHTROPE TOWARD DEMOCRACY

As in other Latin American countries that have returned to democracy this decade after bitter experiences under military regimes, Brazil's "New Republic" came to power with wide public support. The 1985 transfer of power from the military to the politicians went smoothly. The political and labor climate was relatively calm. The productive base of the economy was solid and business sectors wanted to give democracy a chance. Brazil had a foreign debt of over $100 billion, but huge trade surpluses made foreign creditors willing to refinance the debt. Under these circumstances the transition did not have to go badly. But it has.

As a result, the dominant political emotion as Brazil's 80 million voters prepare to elect a new president on November 15 is a desire to protest. A groundswell of public disillusionment with Brazil's political leadership and an explosive mood of social discontent have replaced the high hopes of 1985 when millions of Brazilians celebrated the restoration of democratic government after two decades of military rule.

The main target of this rejection is President José Sarney, who has become a politically discredited symbol of Brazil's failures. The main beneficiary has been Fernando Collor de Mello, a 39-year-old political upstart, leading the presidential candidates in all the polls with an anti-Sarney campaign based almost entirely on one theme—punishment of corruption in high places. The public mood and the lack of clear-cut and tested political alternatives make Brazil's future direction highly uncertain.

The first government of the New Republic, as the restored democracy was named, has proved unable to cope with the complex problems of Brazil's economy and has produced a crisis that has deepened long-standing contradictions in Brazil's society. "When the New Republic came to power, everyone

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expected that the return of democracy would place the country on the high road to development, that the foreign debt burden would be removed, that inflation would be halted, that corruption would be punished," said Edmar Bacha, a Yale-educated economist and former director of the National Institute of Statistics and Geography. "None of this has happened, so there is disillusionment and unhappiness."

During the Sarney government Brazil has lived almost constantly on the brink of hyperinflation. Sarney came in with inflation at 200 percent a year and will leave the annual inflation level at 1,000 percent or more. Four finance ministers in four years applied different stabilization formulas, but none brought lasting results because government spending was not drastically curtailed. Since 1986 prices have risen at dizzying rates of up to 30 percent a month; monthly interest rates have gone as high as 60 percent. Wage earners, pensioners and borrowers, including small farmers and homeowners, have been the main victims of this monetary disorder.

Equally disturbing has been a serious slump in Brazil's economic growth as investment levels fell. In 1988 gross national product remained flat while population increased two percent. Despite the fact that 1989 has been a good year for agricultural production, GNP is contracting. Industrial wages were down 25 percent from 1986 levels. The Brazilian "bolsas," or stock market, has suffered a decline far greater than Wall Street's October 1987 crash. The market value of the 500 shares most heavily traded on the São Paulo exchange fell from $75 billion in mid-1986 to $25 billion.

With such shocks, Brazil's habitual national optimism has given way to a sense of frustration. Faith in the nation's future has been so shaken that talented people and capital have been leaving at unprecedented rates. These days, "chaos" and "anarchy" are commonplace terms employed by Brazilians when discussing national prospects. "Incompetence," "irresponsibility," and "corruption" are frequent descriptions of the political leadership's conduct.

Summing it up, Mario Henrique Simonsen, a former minister of planning and widely respected economist, described Brazil as a country "going the wrong way on the road to history." Is Brazil headed for a dramatic upheaval? The country does not have a tradition of political upheaval, but a failure to arrest the economic decline and social resentments that have been cor-

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roding Brazil's national life could provide sufficient causes for just that.

Brazil's democracy has yet to reach the solid ground where political leaders and republican institutions inspire general public confidence. Just the opposite. There are clear signs that Brazil's workers and middle class, with declining income and opportunities, are going to vote for a drastic political change. New leadership in Brasília could restore public faith, at least temporarily, in popular self-government, but another failure to confront the basic causes of Brazil's decline could lead to an even deeper crisis. This article will examine the key problems left unresolved by the first government of the New Republic and suggest what a new government will have to do to restore confidence in democracy.

More than in any other Latin American country, the success or failure of the democratic experience in Brazil has global importance. This continent-sized land, embracing the ecologically sensitive Amazon basin, contains huge resources in minerals, forests, energy and agriculture. Its industrial complex is the only one in Latin America sufficient to make it a major global trader. But realizing this potential requires political stability and rational management.

With a projected internal market of 180 million people in the year 2000, Brazil can be the cornerstone for an era of regional achievement in South America—or a millstone that can sink not only Brazil but much of the region into economic stagnation and political violence. In either case, the world cannot afford indifference. Latin America is not on another planet. Historically, culturally and economically, it is part of the West.

II

In its return to democracy, Brazil confronted political challenges similar to those in Argentina, Peru, Uruguay, Bolivia and Ecuador, where civilian democracies have replaced military regimes in this decade with results varying from progressive stability and growth in Uruguay and Bolivia to disastrous declines in living standards and personal security in Argentina and Peru. Chile, with the most successful economic experience in Latin America in recent years, will face similar challenges in December when the voters will elect President Augusto Pinochet's successor. Mexico is also testing the democratic waters after 60 years of one-party dominance.

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The recent experience with democratic government in Argentina, a country with which Brazil has strong historical ties, is particularly relevant for this stage of Brazil's transition. The virtual collapse of the Argentine economy during the first half of 1989, under the effects of runaway inflation, and the electoral triumph of the opposition Peronists led by Carlos Saúl Menem were seen by Brazilians as harbingers of a similar evolution in their own country. The melancholy end of the Radical government of President Raúl Alfonsín, whose inability to control the Argentine crisis led him to cut short his constitutional term by five months, was a lesson not lost on Brazil's current political leadership.

The most important effects of Argentina's change of government are still to come, however, because it will take months to see whether Menem, who has adopted a "pragmatic" approach instead of the old Peronist dogmas of populist economics and nationalism, will succeed in managing the recovery of Argentina's economy that eluded Alfonsín. Argentina has applied emergency measures, including price and wage controls and a proposed "social pact" between employers and workers, to meet the immediate goals of stabilizing prices, reactivating production and maintaining employment. Similar formulas have been applied before in Brazil, so this represents no novelty.

The more fundamental reforms announced by Menem after taking office in July go much further toward facing problems that are basic for both Argentina and Brazil. These include a comprehensive negotiation of the foreign debt based not only on reduction of the debt principal and softer interest terms, as Alfonsín demanded, but also on internal reforms to increase domestic savings and attract foreign investment. These involve abandonment of long-standing practices of government intervention in the market economy through state enterprises and trading agencies that have contributed strongly to Argentina's economic and fiscal distress. The effective dismantling of this inefficient state economic structure, transferring what is saleable to private hands, would be a revolution in Argentina (as well as Brazil). If Argentina were able to combine this privatization with a successful refinancing of its $55-billion foreign debt, Brazil would almost certainly attempt to follow suit regarding its own state enterprises, which are a major source of deficits.

The democratic governments in Argentina and Brazil pro-

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duced an important regional initiative for economic union that has brought these two countries, once regarded as rivals for South American dominance, into close economic and political relations. This cooperation, which involves joint business ventures, trade clearing arrangements and scientific research, aims at an "economic union" in the Paraná-Paraguay watershed, or River Plate area. Uruguay is part of this venture, as is Paraguay since the overthrow of the aged dictator Alfredo Stroessner and the election of General Andrés Rodríguez as president. Paraguay's large hydroelectric power sources make it a strong partner. Bolivia is also being drawn into the River Plate orbit as a large potential natural gas supplier with important agricultural areas of eastern Bolivia awaiting development.

Without stretching the imagination, this grouping of countries, led by the two most industrialized nations of South America, could be the basis for a South American free trade area. The economic advantages and the political importance of such a union for the consolidation of democratic government in the region are readily acknowledged. But little can be accomplished as long as the two main sponsors of the regional project are in constant economic crisis. The inability of Argentina or Brazil to pay commercial debts has directly hurt Bolivia and Paraguay, for example, which depend very heavily on the markets of their larger neighbors.

Because of this interdependence, the examples of successful economic management to be found in the region are studied closely as possible models. Bolivia is a notable case. When Víctor Paz Estenssoro was elected president of Bolivia in 1984, inflation was out of control, at an annual level of 12,000 percent, and the Bolivian economy operated on black market dollars supplied by cocaine smugglers. Through rigorous monetary discipline, a tax collection drive, a balanced budget and elimination of money-losing state enterprises, Bolivia's inflation has been reduced to less than ten percent a year, and economic growth is coming back. Bolivia's success in controlling inflation under Paz Estenssoro has achieved a "textbook" status and influenced Venezuela's adoption of a strong anti-inflationary program after President Carlos Andrés Pérez took office in December 1988.

Fighting inflation in the extreme cases that exist in South America is like restoring life to a severely polluted river. As Menem said when he took office in Argentina, "the country is dying." The cleanup requires not so much an economic pre-

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scription to deal with the effects of inflation as a political leadership that can mobilize a national community for the necessary reforms. That has happened in Chile, where inflation has been controlled by the authoritarian regime of President Pinochet, and it has happened in Mexico under the political domination of the Institutional Revolutionary Party. The examples of Bolivia, which had the worst inflation in the world in 1984, and more recently of Venezuela, show that the problem can also be solved in democracies. It is the hour for Argentina and Brazil to make their choice.

III

In 1984 Brazilians turned out by the millions across the country for rallies supporting direct elections for president. Never in Brazil's republican history had there been such a massive demonstration of civic enthusiasm for democracy. The opposition to the military government, led by the Brazilian Democratic Movement Party (PMDB), had won control in 1982 of a majority in the federal Chamber of Deputies and of key governorships in industrial states, like São Paulo, Minas Gerais and Rio de Janeiro. The opposition campaign failed to obtain the two-thirds majority in Congress needed to call a direct election, but the public demonstrations convinced the military, which had governed for 21 years, to give up plans to nominate yet another general for president. The opposition took advantage of a split in the pro-government parties in the electoral college and elected Tancredo Neves, former governor of Minas Gerais and minister of justice in the last civilian government, as president. His running mate was Senator José Sarney, one of the government dissidents. The coalition between the PMDB and the dissidents, organized in a new party, the Liberal Front, was to provide the Neves government with a solid majority in Congress and among state governors.

Neves never took office. On the eve of his inauguration, he fell critically ill and died two months later. The task of leading the New Republic fell unexpectedly to Sarney, a former governor of Maranhão who was little known outside his home state in the poor northeast region.

It is clear, in retrospect, that the untimely death of Neves produced a fatal crack in the coalition that would progressively weaken the democratic government. Two figures with differing political ambitions, personalities, loyalties and sources of power emerged to fill the vacuum of leadership left by Neves'

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death. One was Sarney, an ally of the military for most of his political career and, as such, on the opposite side of the fence from the PMDB until the election of Neves. The other was Ulisses Guimarães, who, as the president of the Chamber of Deputies, was the symbol of PMDB's opposition to the military.

Neves had picked Sarney to play a pawn's role in a political gambit that split the pro-military party and made the opposition victory possible. With the death of Neves, the pawn became the king in a coalition that only Neves could have held together. Once installed, Sarney became a stubborn defender of his executive powers, in which he was supported by the commanders of the armed forces. He used his powers of appointment and patronage to develop the backing of conservative political and business interests.

But Sarney had no commitment to a national reform program; he lacked both a blueprint and the political muscle. Sarney's personal priorities favored his northeast region, where he maintained huge tax favors for investors against all efforts to impose fiscal austerity. He also built, as a personal monument, a railroad in Maranhão that benefited large landowners, including his personal cronies.

Guimarães, a São Paulo law professor, had built the PMDB into Brazil's largest political party during the years of military rule. After Neves, he was the leading figure in the opposition. Guimarães initially gave Sarney tactical support in exchange for influencing the choice of ministers. But the conflict between Sarney and the PMDB, which controlled the Congress, could not be contained when the left wing of the PMDB tried to cut short Sarney's term to four years, in hopes of forcing an early election.

A constitutional assembly was elected in November 1986 to reform the constitution adopted under the military regime, which provided a six-year term for president. Neves, as a candidate, had said he wanted only a four-year term for the transition. Sarney held out for five years and finally won the extension in June 1988, after a 15-month battle that cost the country dearly. To win support, he agreed to postpone necessary but unpopular spending cuts and distributed federal favors to every governor, senator and deputy who would vote for a five-year term for him. In the process, the PMDB lost its unity, Sarney lost control over Congress and Brazil lost a chance to put its economic affairs in order.

After the vote on the presidential term, Sarney and Guimar-

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ães went increasingly in different directions. Guimarães, who presided over the Constituent Assembly, wanted a "progressive" constitution as the platform for his own presidential candidacy. Sarney opposed the reforms; the higher welfare and labor benefits and the increased shares of tax revenues assigned to states and municipalities embodied in the new constitution made federal finances "unmanageable." Guimarães' preferences prevailed, but at the cost of making Brazil's economic management more difficult.

Would the New Republic have fared differently under Neves? Could he have done better than Sarney? There are reasons to believe that Neves could have maintained much stronger presidential control over the coalition. He had his own base of popular support, mainly in the large influential state of Minas Gerais, but also in São Paulo and in the northeast region. His relations with the military were good. In financial policy, Neves' intention to run this critical area personally was shown by his appointment of Francisco Dornelles as finance minister, a technocrat (and also his nephew). Dornelles had been director of taxation in the last military government and held to orthodox principles on internal stabilization and foreign debt negotiations. Under pressure from the PMDB, Sarney fired Dornelles shortly after Neves died and appointed the PMDB's Dílson Funaro, who led Brazil into the foreign debt moratorium of 1987.

In sum, the death of Neves probably made a difference, although the problem of Brazil's government goes much deeper than political personalities. The conflict between Sarney and Guimarães illustrates the New Republic's lack of a stable political base with well-defined policies during its first phase.

IV

Since the Brazilian republic was established in 1891 as a presidential system, Brazil's national political party structure has been inherently weak and unstable. Presidents were initially chosen by alliances of political magnates in the key states, which retained considerable autonomy. Political parties, as such, had small followings and little power.

After the revolution of 1930, Getúlio Vargas created a modern central government, introducing the corporatist concepts of Italian fascism into Brazil's traditional patriarchal politics. This led to the establishment of two large parties, a conservative one for landowners and businessmen and a "la-

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bor" party based on union leaders dependent on government favors and the ample patronage of a new social security system.

The opposition to this two-party system took shape around "liberal" parties, based on a combination of urban elites and local political clans in the rural states, and a communist party, the largest in Latin America. Since the "liberal" opposition could never muster enough votes to win the presidency, it conspired constantly with military sectors to overthrow the government—and succeeded in this goal in 1964.

The PMDB, which developed in opposition to the military, pulled together pieces of the old Vargas political machine and incorporated sectors of the new technical-professional class that emerged with Brazil's industrialization. In 1986, the PMDB won 22 of Brazil's 23 governorships and control of Congress, but this power was dissipated by the lack of party unity and solid programs in the PMDB. The party is a catch-all coalition that extends from conservative local political bosses, catering to rural landlords in some states, to Marxist labor lawyers who depend on "progressive" urban voters for support. The PMDB shone in opposition; it was organized to get protest votes, not to rule.

The Liberal Front Party (PFL) contains some of the elements of the old liberal opposition. It is a natural rival to the PMDB, but it lacks the strength of its forerunner, the National Democratic Union, which opposed Vargas.

The weakness of Brazil's party system is apparent in the leading contenders for the presidential election on November 15; they are all personalities whose charismatic appeal to voters eclipses their small, improvised parties.

The surprising leader in the polls since early summer is Collor de Mello, a young, wealthy former governor of the backward state of Alagoas, who achieved national fame by reducing the fat salaries of a select group of public officials in his state, known as "maharajas." He is backed by the tiny National Renovation Party, which did not exist a year ago, but his candidacy has grown rapidly thanks to a modern political marketing campaign in the media. He has cast himself as "just the opposite of Sarney," without too many specifics in the early stages, filling his sails instead with the winds of protest. While he is on record as favoring privatization of state-owned companies, his general statements give little indication of whether and how he would actually try to accomplish it.

The next most popular favorite, but far behind Collor, is

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Leonel Brizola, former governor of Rio de Janeiro, who claims to be the political heir of Vargas populism, just as Menem appears as the disciple of Juan Perón. Brizola, 67 years old, has a national party, the Democratic Labor Party, which he likens to the Australian Labour Party, but it is a personal vehicle with little strength outside of Rio de Janeiro and his home state, Rio Grande do Sul.

Guimarães, the PMDB's nominee, has trailed these two candidates, indicating that the party's impressive collection of governors and congressmen has less organizational clout than had been expected. The PFL's candidate, Aureliano Chaves, a former vice president under the military, has done even worse. Other personalities who have joined the race, appealing to the right, include Paulo Maluf, who lost the presidency to Neves in 1985, and Ronaldo Caiado, who mobilized a national rural landowners movement that kept the constituent assembly from adopting strong agrarian reform.

In the swollen field, only two candidates seem to have the makings of solid party support. They are Luís Inácio ("Lula") da Silva, a former autoworker union leader, running for the Workers' Party, which won the mayoralties of São Paulo and Pôrto Alegre last year, and Mario Covas, former mayor of São Paulo, who formed the Social Democracy Party out of the PMDB's dissident left wing.

If no candidate receives 50 percent of the vote in the first round in November, the decision will go to a second round in December, when the voters will choose between the two candidates with the highest pluralities. Currently, 27 candidates are running, with at least a dozen expected to last until November. Thus, with this number of candidates, the November vote could produce two front-runners with relatively small pluralities. While Collor claims to be able to win in a first round—polls now show 40 percent of voters favoring him—the final outcome is uncertain. In a runoff the candidates will face the difficult challenge of courting support among the highly divided and personalized parties.

The Brazilian military leadership can be expected to provide the same support to the next democratic administration that it gave Sarney. Recent military pronouncements have conveyed the message that the armed forces are guardians of order and will resist any revolutionary violence against Brazil's democratic system, but there is no hint that the military has the desire to reimpose an authoritarian system. The military would have the

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most objection to the election of Luís Inácio da Silva, supported by a leftist front, but this outcome is unlikely. His inflammatory rhetoric scares off moderate voters, and the divided left would find it difficult to unite behind him.

General Leonidas Pires Gonçalves, the powerful army minister, expressed personal sympathy for the candidacy of Collor de Mello, but the military has said there are no "vetos." This has been interpreted to mean that if Brizola were to win he would be allowed to take office. Brizola had been on the military blacklist after the 1964 overthrow of President João Goulart; it was Brizola, his fiery brother-in-law, who usually stimulated his more radical postures. After 16 years in exile Brizola returned and was elected governor of Rio de Janeiro in 1983. Since then Brizola has gone out of his way to cultivate the military, as well as businessmen, with some success. A Brizola government would in all likelihood be pragmatic in financial management, but his abrasive personalistic style and long-standing enmities would make his government confrontational, not consensual.

The next president will at least have the mandate of being elected by popular vote, for the first time since 1960, and thus will have greater political authority than Sarney has had. But the party structure will be as weak as ever, and the new president will probably face an opposition Congress for at least the first two years of his term.

V

The despairing mood that has invaded Brazil seems strangely at odds with the country's accomplishments and proven potential for growth. But the profound and rapid changes that have modernized the country's social relations, political habits and productive capacity since World War II have themselves created the political and economic strains that now plague Brazil.

Brazil occupies over 40 percent of the South American continent, covering vastly different terrains and climates. The Brazilian people, a fusion of three major races, have forged an impressive national unity and unique cultural identity. It is the largest domestic market in Latin America, despite chasms of social inequality that remain a challenge to national stability.

Thanks to the sheer size and technical development of its industrialized economy, Brazil is internationally competitive. The productive structure has been generating foreign trade surpluses which may reach $17 billion this year from a wide

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variety of commodities and manufactured products, including $2.4 billion in automobile and truck exports. This surplus in world trade is topped only by West Germany and Japan.

Oil production, after years of disappointing exploration efforts, has leaped forward with large new offshore and Amazon Basin discoveries that have raised domestic crude output to 640,000 barrels a day. Agricultural production has expanded significantly, reaching 70 million tons of grains and oilseeds in 1987. In the last ten years, Brazil has become the world's largest exporter of frozen orange juice, moved into second place behind the United States in soybean exports, and become a $1 billion-a-year shoe exporter.

During the "economic miracle" of the 1970s Brazil's gross national product grew annually at 11 percent with low rates of inflation. Two international oil shocks plus the debt crisis have slowed this growth since 1982, but it has become nonetheless the free world's eighth-largest economy. Population growth has declined sharply to levels now below two percent a year, compared with over three percent in the 1950s. Many of Brazil's vast natural resources, particularly in minerals and forest products, have yet to be exploited.

Brazil's potential is undisputed, yet the economic "miracles" performed under the military masked the country's weaknesses, including the extreme poverty of the majority of its 145 million people. Even though the size of the economy trebled in real terms over the past 20 years, more than half of Brazil's population lives in households where income is less than $120 a month. Infant mortality rates in the northeastern region reach 130 deaths for every 1,000 registered live births. One-fifth of the 35 million children legally entitled to public education have never set foot inside a school. Under the military, demands for change were met with political repression.

The universal assumption was that democratic government would remedy these social and economic ills. Once in power, however, the first civilian government since 1964 did not come forward with any significant reform. The official slogan of the Sarney government was "everything for the social" but the lack of resources for education, health, housing and community programs has crippled progress.

This lack of resources is often attributed to Brazil's $120-billion foreign debt, the largest in the Third World. But the foreign debt, like inflation, is only a symptom of a more basic problem in mobilization of savings, taxes and investment in

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Brazil. Massive borrowing simply compounded the inability of Brazil's government to turn domestic and foreign resources to productive uses. Gargantuan projects, inefficiently run, ate up capital and provided decreasing returns on the investment—and no direct returns at all to the impoverished majority.

In the 1970s Brazil began borrowing from foreign private banks at floating interest rates, at a pace far exceeding the country's export earnings. This strategy of incurring debt was justified by the theory that borrowing for investment in energy substitution and export products would permit Brazil to grow while also servicing the debt. In 1965, the year after the military seized power, Brazil's foreign debt was $3.5 billion, or ten percent of gross domestic product. When the military stepped down in 1985, the foreign debt exceeded $100 billion, 35 percent of GDP. The country's indebtedness was vastly compounded by the two oil price increases of 1974 and 1979; Brazil, as a major oil importer, was one of the most battered customers.

The loans were poured into huge projects, like the Itaipú and Tucuruí hydroelectric dams, iron mines and steel mills, oil exploration and refining, and agricultural credit for soybeans, oranges and other export crops, and for sugarcane alcohol to replace gasoline. The result was a huge expansion of state-owned enterprises and of private production based on subsidized public credit.

In this state capitalist scheme, however, Brazil's huge public sector, as a whole, did not generate profits that would pay the government a return on the enormous investments. The state-owned productive sector includes such strategic areas as petroleum, electric power, primary steel, railroads, ports, telecommunications and a variety of industrial and service companies. These unprofitable enterprises consume rather than generate government revenues, contributing the lion's share to the public deficit. Antoninho Marmo Trevisan, a São Paulo management consultant, concluded that at the end of 1987 the empire of 228 state-owned companies had an accumulated debt of $70 billion for net assets of $50 billion and generated only one-third of their investment needs from net revenues.

The major problem is that the prices charged for goods and services by these strategic companies are manipulated politically, either to favor some privileged private sector activity, such as petrochemicals and fuel alcohol, or in attempts to disguise inflation. Because the rates charged are fixed far below

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inflation, Eletrobras, the state electric power holding company, is unable to generate from earnings the money to carry out a $5 billion-a-year investment program without which Brazilian industry faces almost certain power shortages in the coming decade. Telebras has a waiting line of nine million applicants for phone lines and can finance only four million new lines by 1991. Petrobras says oil self-sufficiency could be achieved at 900,000 barrels-a-day in 1995 if it could invest $5 billion a year, but it is spending only $2 billion because fuel prices are controlled, including subsidized alcohol fuel that now powers most new cars in Brazil. The annual deficit generated by the alcohol fuel program, according to a World Bank study, is $2.7 billion.

The theory of growth through foreign borrowing collapsed in 1982; international bankers cut off new lending to Third World borrowers, including Brazil, when Mexico was unable to service its debt. In that year of crisis, Brazil's economic growth stopped dead and a record current account deficit of $14.8 billion virtually wiped out reserves.

Disaster was postponed by two developments. First, the investments in exportable products began to pay off. By 1984 the trade surplus hit $12 billion and the balance of payments was $600 million in the black. Second, the government's inability to raise money abroad was offset by mobilization of internal savings at high interest, but payable in domestic currency. Domestic borrowing to finance public deficits kept the economic pump primed, but at a cost of rapidly rising inflation.

When the democratic government took office in March 1985, debt service drained $10 billion a year from Brazil's exchange earnings with no new money coming in from the banks. Moreover, in 1986, capital withdrawals by foreign investors exceeded new investments by $110 million and remittances of profits and dividends abroad rose to a record $1.2 billion.

For one fleeting moment during Sarney's presidency there seemed to be a chance that the New Republic was going to succeed in reversing the slide toward financial disaster. This was during the critical months in 1986 when Sarney launched the Cruzado Plan, a "heterodox" or shock treatment to halt inflation. It combined price and wage controls with the replacement of Brazil's depreciated cruzeiro by a new currency, the cruzado. This scheme was devised in secret by a group of young economists who had studied similar shock treatments in Israel and Argentina. It was accepted by then Finance Minister Dílson

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Funaro, a PMDB protégé, and sold to Sarney as a way to control inflation without political costs. The International Monetary Fund and Brazil's creditors were asking for budget cuts, fiscal reforms and reduction of state economic intervention as conditions for refinancing the debt. Funaro and the PMDB rejected any formal agreement containing these conditions and put up the Cruzado Plan as the alternative.

At first, the Cruzado Plan worked wonders. For several months prices stood still and consumers went on a buying spree. The stock market boomed and the dollar was cheap. Sarney's approval ratings in opinion polls soared and the PMDB had a winning platform for gubernatorial and congressional elections. In the November 1986 elections the PMDB won 22 of 23 governorships and a wide majority in Congress.

The catch was that Brazil's international reserves dropped below the critical level of $4 billion as foreign investors took the opportunity to get as much money as possible out of Brazil. Price controls began to produce empty shelves and black-market prices soared. The Sarney government's confrontational stance toward the International Monetary Fund (IMF) and the creditor banks proved to be a serious strategic error. In February 1987, with monetary reserves running out, Sarney declared a unilateral moratorium on debt payments to foreign banks. This only aggravated the crisis of confidence and inflation returned with a vengeance.

As a result, internal borrowing became the only way to finance public deficits. The government placed short-term treasury notes at high real interest rates to cover mounting imbalances, and internal debt in the hands of the public snowballed to over $40 billion. By the end of 1987 fiscal revenues were covering only half the government's spending. Each new borrowing forced the central bank to issue new currency to cover repurchase of retired debt.

When the Cruzado Plan was abandoned in May 1987, prices rose 25 percent in one month. Another plan was instituted the next month, but it met with the same fate as the first. The enthusiasm with which Brazilians had reacted at the beginning turned to embitterment and Sarney's public approval ratings plunged. They never rose above 15 percent thereafter and the PMDB, despite its later distancing from Sarney, has borne the onus among the public for the betrayed hopes of the Cruzado Plan.

During the first four years of democratic government neither

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Sarney nor the PMDB leadership adopted effective measures to reduce the public deficit, contain the internal debt, reform the state enterprises or normalize foreign financial relations. Despite public pronouncements freezing government hiring, congressional critics uncovered records showing 140,000 new employees had been hired.

In 1988 Sarney named as his finance minister, Maílson Ferreira da Nóbrega, a respected technocrat and career civil servant. Brazil ended the moratorium on foreign debt payments and tried to restore access to foreign credit. A refinancing of $64 billion owed to private banks was obtained in June, but disbursement of "new money" was made conditional on Brazil's reaching a stabilization agreement with the IMF. This agreement failed to materialize after the new Brazilian constitution and a new minimum wage law adopted by Congress over Sarney's veto overwhelmed the government with new obligations without providing new revenue sources.

As the election approached, Sarney's lame-duck government was in international financial quarantine. With government reserves at $6 billion in July 1989, Brazil notified its creditors that it would reduce debt service payments unless the banks released new money. Domestic debt continued to mount, along with the interest rates needed to finance it. Yet another effort to control inflation, the Summer Plan, was launched in early 1989, but the fundamental task of reducing the public sector remained untouched.

VI

The diagnosis of Brazil's crisis as a failure of the public sector and of the political class is now increasingly accepted in Brazil. Even Sarney, in a lucid moment of political analysis, if not self-criticism, acknowledged that major changes had to be made. In June 1988 he told the graduating class of the Superior War College, a famous forum for policy debates between military and civilian students of national strategies:

> We are reaching the point of exhaustion of a model that in the industrial area aimed at import substitution with foreign resources. . . . We are coming to the end of a political model that was unable to consolidate strong parties, which are the basis for stable democracy. . . . We are also experiencing the crisis of the national state, the great protector state that solves everything. . . . The Brazilian state lacks the resources to satisfy the minimum needs that the public expects from the state in health, education and other

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public services. . . . The great challenge that faces us is the organization of political forces capable of managing civil power in Brazil and of rethinking our political and economic models.

The crisis and the challenge are clear. What happens after Sarney is not so clear.

The winner of this year's presidential election may be burdened with many political debts incurred in the horse-trading necessary to secure sufficient votes from other parties in the runoff. Thereafter, the new president's ability to go over the head of the political parties and appeal directly to the people will be limited by an incumbent Congress that has proved to be opportunistic, and by the powerful state governors.

The financial crisis is so serious, however, that the adoption of strong austerity measures and a reform program cannot be postponed. There are fears among Brazilian businessmen that the Sarney government could end in the same hyperinflation that overtook the demoralized Alfonsín government in Argentina. These fears have led to measures to prevent such a crisis, including tight control over international reserves and an edict from the ministry of finance that the government will spend on wages and operational costs only as much as the revenues it takes in. This still leaves open the window of internal and foreign borrowing, however.

The steps Brazil needs to take to deal with its crisis are obvious. Whether these reforms and sacrifices will be broadly accepted by the nation is unclear, or even if the president will have the will to seek the changes. It requires attacking major vested interests, such as eliminating a host of tax breaks for politically privileged business sectors. These breaks sap 25 percent of potential tax revenues.

Political compromises will have to be struck on the reform and privatization of the public sector enterprises. These enormous economic units, including Petrobras, Eletrobras, the Bank of Brazil and Siderbras, the state steel holding company, are political fiefdoms that must be made accountable, efficient and profitable. This in turn means trimming the economic advantages that the private sector receives through the public sector, such as subsidized rates for electric, gas and phone services. Only a very determined national political leadership can do this.

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Chester A. Crocker

SOUTHERN AFRICA: EIGHT YEARS LATER

In the winter of 1980–81 I analyzed the question of American involvement in southern Africa in the pages of this journal.[1] I discussed a set of concepts—"constructive engagement in the region as a whole"—as a possible basis for pursuing American interests in southern Africa. It seemed to me at the time that this phrase was self-evidently consistent with mainstream U.S. internationalism and essential to the very meaning of activist diplomacy.

I recognized that there was a major risk in suggesting that the United States was prepared to deal seriously and substantively with a distant foreign policy minefield with which Americans were overwhelmingly unfamiliar. The risk, in other words, seemed to lie in its very ambition, its commitment to a realistic and sustained pursuit of U.S. goals in the region as a whole (the concept was not proposed as the basis of policy toward South Africa alone).

If we were to undertake such a commitment, I argued, we would need to base our actions on a solid grasp of the region's dynamics and to have the ability to interpret its actors and their motives. We would require an adequate internal consensus to prevent Americans and South Africans from exploiting each other's internal debates and conflicts. Finally, we would need to recognize the sharp limits on U.S. influence and to focus carefully on the likely consequences of possible U.S. actions.

In describing the possibilities for constructive Western statesmanship, the 1980 article painted a sober picture of a deeply troubled region. Regarding South Africa, it underscored the ambiguity of political trends within Afrikanerdom. It was far

[1] "South Africa: Strategy for Change," *Foreign Affairs*, Winter 1980/81. Fuller discussion of the regional approach proposed for southern Africa can be found in the author's "Southern Africa: A U.S. Policy for the 80's," with Mario Greszes and Robert Henderson in *Freedom at Issue*, November-December 1980 (also appeared in *Africa Report*, January-February 1981) and "African Policy in the 1980s," *Washington Quarterly*, Summer 1980.

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from certain what the newly emerged coalition of "modernizers" and "reformers" assembled by then Prime Minister P. W. Botha would attempt to do with its more streamlined and centralized decision-making apparatus. The article foresaw both "autocratic political change" imposed from above and "continued and even gradually increasing political conflict and violence."

Beyond South Africa itself, the 1980 article foresaw an aggressive external posture by the South African Defense Forces. But it also concluded that there was an opportunity to help shape a regional climate conducive to political accommodation in both southern and South Africa if Western governments were prepared to engage in "a sustained and nimble diplomacy" involving leadership in regional problem-solving. Southern Africa, as I saw it, was entering a "fragile transition phase, and it may prove to be easier to destroy and destabilize its potential than to build on it."

This was hardly a forecast of smooth sailing. Why should the United States bother? I believed then, as I do now, that the case for mounting an activist strategy of regional engagement rested less on the prospects for success than on the evident costs of not trying at all.

The United States has an inherent and proper interest in purposeful change in South Africa toward a nonracial system; the possible failure of such change is a threat to our own values and interests. The question of how change occurs and who participates in shaping it will determine the prospects for the democratic values and free market institutions we cherish. That kind of evolution is most unlikely to occur all by itself. Moreover, the region's close ties to the Western economic system and the modern Western experience mean that our values and diplomacy are on trial there. The United States should be prepared "to compete with our global adversary in the politics of a changing region whose future depends on those who participate in shaping it." The focus of decisions and diplomatic action would be regional, but our choice of whether to compete or not—when the Soviets and Cubans were busily exploiting and militarizing regional conflicts—would have global implications.

No previous administration had taken on such a sweepingly ambitious brief; arguably, none had even attempted to become so centrally involved in the region's dynamics. What made this vision particularly bold was the uncertain domestic base for it

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here in this country, the absence of a "centrist consensus" to underpin our policy. History, geography and competing global priorities dealt us a rather thin deck of cards for devising any policy toward southern Africa.

Our European allies have far deeper ties of history and economic interest in the area than we do, and over the decades have provided four times as much economic assistance to the region. The United States has no troops, bases or alliances there, and no coercive influence over any party in the region. By way of contrast, Soviet arms deliveries to Angola alone averaged $1 billion annually for much of the 1980s—ten times the level of U.S. military assistance to all 46 nations of sub-Saharan Africa in the first year of the Reagan Administration and 40 times the U.S. level by 1988. Consequently, we would have to rely principally on our wits, our unique relevance and our special diplomatic possibilities rather than on our wallets and our muscle. Since sound diplomacy can only be based on the realities of history and power, we would have to turn these realities in our direction, play upon the region's own dynamics, and link our vision to the self-interest of other parties.

Thus, it was evident in 1980 that success would be difficult and would require a solid grasp of how the region operates and how it relates to the external world. Given the ambition of the strategic concept, my article concluded with an appeal that we should "underpromise and overdeliver." The Reagan Administration did exactly that in southern Africa.

II

Public servants in foreign policy institutions rarely have the opportunity to spell out, extensively and publicly, their vision of a prospective assignment *before* assuming it. I was given an opportunity to put my ideas into practice, when President Reagan appointed me assistant secretary of state for African affairs in 1981.

Over the ensuing years, our diplomacy tried to avoid the sort of flashy unilateralism that might scare away allied or African partners as well as U.S. constituencies. We tried to operate quietly when that was possible. In keeping with this low profile, initiatives were typically launched at the sub-cabinet level after approval by the president.

Sticking to the substantive merits of the issues did, indeed, involve political risks: risks of having our "objectivity" misinterpreted as naïveté or even tacit collusion—with South Africa,

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according to some critics, with Cuba, the U.S.S.R. and the African Marxist states, according to others; risks of allied disunity and U.S. isolation when our initiatives were temporarily stalled; and, of course, risks of losing domestic support and facing congressional and media opposition.

The last of these risks was not a serious problem during the first Reagan term. In those years the main reactions we encountered at home were polite skepticism and incredulity. But by the end of 1986 we sorely missed that ephemeral "centrist consensus" and had lost the chance to rebuild it.

In the course of the Reagan Administration's final 30 months, rival sectors of congressional opinion had moved to impose economic sanctions of one form or another against not only South Africa but virtually every state in the region—including those with whom delicate negotiations were in progress—plus colonial Namibia and the Namibian guerrilla group SWAPO (South-West African People's Organization).

Nevertheless, as a result of our efforts, a new regional order is emerging in southern Africa. Africa's last colony, Namibia, is gaining independence; Cuban and South African soldiers are going home; a start has been made in ending the wrenching civil conflict in Angola. A younger generation of Afrikaner nationalists is assuming power in South Africa, and there is growing talk on all sides of a new era of negotiations. Cuban President Fidel Castro has embraced an American-designed peace plan as the means of honorable exit from Angola. In the name of "new thinking," the Soviet leadership has adopted the functional equivalent of Western policy toward this most troubled and perplexing region. It is an ideal moment to revisit the question of U.S. involvement in the affairs of southern Africa.

III

Southern Africa is a beautiful region, magnificently endowed with human and natural resources, the potential economic engine of a continent, and a place whose web of racial and civil conflict tears at our hearts, urging us to engage ourselves. But at another level, southern Africa can become, as former Ambassador to Pretoria Ed Perkins put it, a sort of "political vending machine" into which we insert our coins to receive moral hygiene or instant ideological gratification. Featuring almost every form of odious human behavior—racism, brutal oppression, Marxism, authoritarianism, terrorist violence, or-

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ganized butchery of unarmed villagers and gross official corruption—the region became a moralist's theme park.

Significant numbers of Americans reacted viscerally against U.S. diplomacy as its purposes became hopelessly distorted in debate, and many abandoned the political center. When Congress overrode President Reagan's veto of the anti-South Africa sanctions legislation in 1986, the administration paid the price of its ambition.

Nevertheless, I believe that we did what we set out to do. The strategy of engagement in southern Africa problem-solving—with all its risks—worked better than I had imagined it could.

The region's strategic map has been decisively reshaped for the better by the treaties signed last December by Angola, Cuba and South Africa. The U.S.-mediated regional settlement, reached after years of negotiation, will bring Namibia to independence under U.N. auspices. This entails the end of apartheid in Namibia and South African military withdrawal from both Angola and Namibia. In side arrangements worked out between Angola and South Africa, the latter promised to end its military support of UNITA (the National Union for the Total Independence of Angola), while the former agreed to require the withdrawal of thousands of African National Congress (ANC) military cadres from Angolan territory. Finally, some 50,000 Cuban troops are being withdrawn from Angola as part of the settlement, thus bringing to a close the most striking chapter in the history of Cuban external adventurism and pointing the way to the definitive end of Cuba's military role elsewhere in Africa.

An African-led and U.S.-supported reconciliation process to end the civil war that has plagued Angola since its independence in 1975 is under way. The dynamic move toward peace between the Soviet-backed government of the MPLA (Popular Liberation Movement of Angola) and its opponent, UNITA, is the logical and inexorable fruit of the December 1988 regional settlement in southwestern Africa.

To oversee the implementation of the sweeping series of reciprocal commitments in the December accords, the signatories have established an innovative Joint Commission with the United States and Soviet Union as observers. The Joint Commission reflects another new regional reality: the Soviets have abandoned their previous course of obstructing Western initiatives and exploiting conflicts in the region. In the process

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they have adopted major tenets of U.S. policy and explicitly endorsed a regional settlement designed in Washington over eight years ago. With our full support, they have instituted their own form of diplomatic engagement in southern Africa. Moscow and Havana have joined the United States, Britain and other Western allies in shaping a new climate more conducive to negotiated solutions.

It has long been obvious to observers well acquainted with power realities in the region that South Africa would not become free through revolutionary violence and actions aimed at physically destroying its economy and infrastructure. Black bargaining leverage would develop principally through nonmilitary means and be projected from black organizations created and based inside the country. But black and white minds in South Africa have been transfixed for decades by doctrines and strategies of violence—the government's "total strategy" and recurrent "destabilization" campaigns in the neighboring Frontline States aimed at countering the sputtering "armed struggle" waged by the ANC and, more broadly, at warding off the perceived "total Marxist onslaught" against the state.

To deal with this mindset, we did our best to foster a new logic that obliged all parties in the region to recognize that cross-border violence and armed confrontation are a two-way street leading nowhere. By offering diplomatic engagement with those governments prepared to pursue negotiated solutions, we sought to strengthen the chances for political solutions and to undercut efforts by either Moscow or Pretoria to exploit conflicts or settle them militarily.

U.S. diplomacy offered an alternative road. We hoped southern Africa could move beyond the military test of wills inevitably set in motion by the Portuguese revolution and the basic strategic changes that ensued in the years 1974–80 during which Angola, Mozambique and Zimbabwe became independent. Our alternative road was anti-Soviet in the sense that, at the time, a heavily militarized diplomacy was Moscow's only card and apparently its preferred course. The nonmilitary road was also, from the outset, a direct challenge to those elements in the South African government who sought a free hand to use its military preponderance in support of national goals, as well as to those elements who confused raw power with its successful application. Finally, our diplomacy was a direct challenge to those leaders in Frontline governments and the ANC,

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who acted on the belief that the justice of the cause—battling apartheid—would somehow render them immune from South Africa's reaction to mounting guerrilla violence and terrorism.

We could not, of course, compel any of the parties to adopt our alternative path—whether in the Namibia-Angola settlement talks or in the troubled bilateral relationships of Mozambique, Zimbabwe, Zambia and Botswana with South Africa. The cycle of regional violence set in motion in the 1970s planted deep roots in the assumptions of decision-makers. Only time could teach the limits and costs of violence, no matter who promoted it for what purpose.

It did take time. During the height of internal unrest and violent repression in South Africa in 1985–87, a parallel form of regional madness also flourished. A number of Frontline State governments joined the shrill chorus of demands for the isolation and ostracism of Pretoria. Confusing world politics with a nationalist protest rally, they wrongly imagined that Western disgust with apartheid's brutalities would translate into protection from the effects of South Africa's turmoil. The Angolan government mounted a series of doomed, dry-season offensives in a search for military victory over UNITA. The Soviets poured billions of dollars of modern hardware and thousands of advisers into the effort. When these actions prompted an American response in the form of direct aid to UNITA, Angolan leaders inflicted yet another wound on themselves by temporarily obstructing their only escape route from the quagmire—the U.S. mediation effort on Namibia-Angola. In a Botha-like burst of hubris, President Castro of Cuba went so far as to proclaim in 1986 that his forces would remain in the region until the end of apartheid, an announcement almost calculated to delight Pretoria's hardliners and to anger their Angolan hosts, who had made contrary commitments.

The Botha government itself fueled much of this irrationality through its own regional actions. The leash was taken off the ever-imaginative planners in the South African Defense Forces. Nonaggression accords painstakingly negotiated with neighboring Angola and Mozambique in 1984 were deliberately violated in succeeding years. Overt and clandestine commando strikes were mounted into seven neighboring countries, aimed at presumed ANC targets. Taking a page from Angola's diplomatic book, Pretoria seemed for a time determined to scuttle the embryonic regional framework that offered its only real

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prospect of obtaining an end to Soviet-Cuban military presence and cross-border guerrilla violence.

The Soviets and Cubans eventually recognized that you get what you pay for when seeking to project military power far from home: their Angolan stronghold, acquired on the cheap 14 years ago, ultimately proved to be a political and strategic quagmire, costing more to maintain than to acquire. The Frontline States learned that, however vulnerable and isolated South Africa may be, their own vulnerabilities practically rule out a physical test of wills. There are better ways to engage a dominant neighbor. Black opposition leaders in South Africa learned again the futility of confronting Pretoria by force, where the latter is strongest. For its part, the Botha government learned that each time it crushes them physically, black nationalist organizations emerge stronger from the ordeal. It also learned the hard way that its obvious capability to take military actions with impunity in the region does not by itself translate into a successful strategy; when misused, this tool only increases South African exposure and risk.

IV

The Namibia-Angola settlement of 1988 ended one historical phase and opened the door to the best opportunity that regional leaders have ever had to build a constructive future. It is important to understand why this watershed is so important and why it could pave the way for further successes, including in South Africa itself. The Namibia-Angola settlement has given fresh impetus to the search for peace elsewhere in the region, with political logic now prevailing over reflexive military action.

A year ago, President Denis Sassou-Nguesso of the Congo assured us that, if we were successful in first resolving the external issues related to Namibia and Cuban troop withdrawal, African leaders would step forward and bring their influence to bear for talks on Angolan internal reconciliation. Some of us were skeptical about this sequence of events, but the Congolese leader was correct.[2] The initiative of President Mobutu Sese Seko of Zaïre in orchestrating the June 1989 Angolan reconciliation talks—supported by a virtually unani-

[2] The parties held six rounds of negotiation in Brazzaville, the Congolese capital, leading to the Brazzaville Protocol of December 1988, which immediately preceded the New York agreements on Namibia-Angola.

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mous African consensus—offered dramatic evidence of African statesmanship and the potential for African solutions.

Across the continent in Mozambique, President Joaquim Chissano is moving to stop the war in his own country, revising elements of his political program and openly seeking the help of Kenya, Malawi, Zimbabwe, South Africa, Britain, the Soviet Union and the United States in defining steps toward a ceasefire with RENAMO (Mozambique National Resistance). Long the most ardent advocate of political dialogue in southern Africa, Mozambique may now reap major benefits from its investments in common sense.

When Mozambique's imaginative leadership cast confrontation aside in 1983–84 to conclude its nonaggression pact with South Africa, it demonstrated the "power of the weak," reaching out to play a constructive regionwide role and seeking to engage Pretoria in a reciprocal framework of economic, security and political links. Ironically, South Africa's failure to respect fully its own obligations under the Nkomati Accords only added to Maputo's leverage, credibility and external backing. This, in the end, is why South Africa now seeks to make the relationship work as originally envisaged and to disassociate itself from RENAMO, the low-tech killing machine it supported in the ill-governed Mozambican countryside. For their part, Mozambique's leaders have discovered that even with virtually all of Africa and the international community united in a phalanx of opposition to RENAMO and its depredations, a political solution to the crisis of rural Mozambique will be necessary in order to reintegrate all those caught up in the mayhem.

Highly dependent upon South Africa for most essentials, landlocked Botswana bargained and maneuvered it into a genuine compromise on bilateral security issues. Pretoria's heavy-handed bullying only brought it increasing criticism while burnishing Botswana's repute for having the most decent political order and most productive economic policies within thousands of miles. As a result of diplomacy, the ANC is now tightly controlled and Botswana's principles are intact.

Zimbabwe, the strongest of the Frontline States, developed other ways to parry direct and indirect pressures from South Africa concerning the ANC and other political issues. Harare's military intervention in Mozambique on the side of the government kept that country from falling to pieces and reduced Zimbabwean dependence on South African trade routes. But this approach only stabilized a too costly status quo: ultimately,

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Zimbabwe's best guarantee of internal security was to get its own house in order, which it did by means of a merger pact in late 1987 between the governing ZANU party and its ZAPU rivals. Zimbabwe's transport links can best be secured if Mozambique follows suit in developing a concrete scenario for ending its horrendous civil strife, a process now at long last under way.

V

The Namibia-Angola settlement could also have profound effects on both the South African government and its opponents. Both Pretoria and the ANC are facing a geographic shift in their power alignment: South African forces redeploy back home as Namibia achieves independence and the ANC loses its principal locus of bases and training camps in Angola. Thus, there will no longer be ANC bases within reach of South Africa's borders. Though a trickle of guerrilla infiltration may continue, all of South Africa's proximate neighbors are now committed to prevent the launching of guerrilla action from their territories. If the new regional dynamic takes hold, the "armed struggle"—like Pretoria's "total strategy"—could become a vestigial remnant of an earlier phase of regional history.

By 1987 southern Africa had accumulated much experience with the failure of military solutions, and its leaders were sobering up. But in order to lay aside their assorted doctrines of violence, they needed an example of a successful political process that produced visible results. The Namibia-Angola agreements, inherently important in their own right, have provided the example; they could also provide a tangible basis for hope in what white South African opposition leader Frederick Van Zyl Slabbert has called "the politics of negotiation."

The Soviet Union and Cuba have given Pretoria a stake in regional peace-making by their decision to join with South Africa in the work of the Namibia-Angola Joint Commission, whose first challenge—getting SWAPO back under control after its April incursions into northern Namibia, in violation of the accords—was met. Senior Soviet spokesmen refer to the ANC's armed struggle as if it were a relic of a bygone era, and they openly describe Soviet-ANC relations as favoring a "more realistic approach" toward a "political solution." The ANC hears the same message from Western governments, as well as in African capitals where its guerrilla operations have been curtailed. On the other side, Pretoria is visibly engaged with

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African leaders across the continent and is hearing a new policy line from Moscow; this makes it difficult for them to use these countries' positions, once its best excuses, for avoiding dialogue with mainstream black opposition leaders.

The South African decision to choose the route of diplomacy on Namibia-Angola has paid important dividends. After the multiple fiascos of the mid-1980s, its civilian and military leaders correctly perceived the choice emerging before them, and persuaded Botha to test the diplomatic track. Their decisions since then have been a case study in the successful translation of physical power into political achievements. In tandem with their negotiating partners from Cuba and Angola, they bargained hard and made tough decisions when it mattered. The states of southern Africa would do well to remember the ingredients of their success: have a realistic agenda, be prepared to give in order to get, and act on the principle of "peace without losers" that made the December 1988 settlement possible.

South Africa's leaders have a stake in the regional dynamic they helped to shape. If they want to maintain their engagement with Moscow, Washington and London, to capitalize on the chance to build linkages and make peace with neighbors, and to translate their current internal and external position into a durable future for all South Africans, they will need to protect and nurture that stake. It will not work if Pretoria exploits the current regional environment in an attempt to avoid the imperative of ending apartheid and building a new system at home. The new dynamic cannot be confined north of the Limpopo. When the time comes for serious discussion with black opposition leaders, the government will need the creative involvement of Frontline State leaders as well. By the same token, these leaders need carefully to consider their own contribution through pressures on and inducements to the South African parties to make that time come closer.

This does not mean that a South African "solution" is around the corner. The respective "sides" needed for serious negotiation are not yet clearly defined; the arguments over preconditions and an agenda still have some distance to go. We are, at best, at the pre-negotiation stage. It can also be argued that the parties to the conflict over South Africa have barely begun to hurt each other; the level of pain being inflicted is not sufficient to force a negotiated settlement.

But, drawing upon the lesson of the Namibia-Angola process,

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the decisive ingredient there was not the level of pain; the parties decided to preempt the pain. The key factors were the existence of a realistic framework of negotiation, the availability of a suitable forum, and a basic equilibrium of power that made it possible for every party to gain. In this regard, it is worth noting that never in South Africa's history has the domestic stalemate been clearer. The white-led system can maintain order, but blacks can effectively veto any unilateral white plan for a changed system and can deny the current one its internal and external legitimacy. By the same token, blacks can achieve nothing by themselves; they will have to negotiate with those who are in power, to give in order to get. Before we write off Alan Paton's beloved country, it may be useful to rise above South Africa's myriad imponderables just to get a glimpse of that bigger picture.

With both East and West now calling for negotiation, and African leaders starting to exploit the openings for diplomacy, a ripple effect of pressures to redefine positions is being felt across the South African political spectrum. This explains the current scramble for position as the government, the ANC, the United Democratic Front, black trade unions and the Zulu-based Inkatha movement all take initiatives to demonstrate their interest in breaking the logjam. While much of the fluidity so evident in the region today may be tactical in motive, we should remember that a series of tactical gambits—by the parties and by the United States—kicked off the final phase of the Namibia-Angola process in late 1987. What outsiders do, or choose not to do, can make a difference, too.

VI

To understand the full implications of this newly emerging regional climate, we need to know what happened inside South Africa, and in U.S.-South African relations, during the 1980s. Having served as a catalyst for regional peace, should the United States continue to grapple with regional problems, or should we conclude that we have done what we can and lower our sights and our exposure?

A leading white editor in Johannesburg recently expressed the fear that F. W. de Klerk, the new National Party (NP) leader, was destined to repeat the pattern set by P. W. Botha: to spend the first half of his term of office in "bungled, uncertain and inconclusive reform" and the second half coping with its "disastrous consequences." The NP, he continued, has

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one last chance to lead the country out of the nightmare it created, but it is "so thoroughly rotten" in moral, organizational and political terms that this chance will probably be squandered.[3] Whatever one thinks of these comments and forecasts, they reflect a mounting white disenchantment with the NP and they suggest that P. W. Botha has left a frightful legacy for his successors. It is worth recalling for a moment what went wrong.

The basic answer is that Botha and his closest allies badly misjudged what would be required to lead their country out of the political wilderness in the 1980s. This profoundly parochial man wasted much of his unprecedented opportunity for leadership. Having built up an extraordinary power base in 1980, Botha went on to create an imperial presidency—the ideal machinery for purposeful, autocratic political reform. A courageous man committed to a vague reformist platform, he split his own party in 1982–83 over a new tricameral constitution, giving the vote to Coloureds and Asians to select their own houses of parliament. This action literally transformed the NP overnight into a potentially moderate white party and fostered the emergence on the right of the new Conservative Party.

But when it came time to exploit his new power base and define the direction and purposes of his centrist "adapt or die" message, Botha fell short. As I had warned in 1980, he used the new machinery as an "awesome instrument of control" and personal domination of the system. But he did not, as I had hoped, link his structural power base to a reform strategy inspired by the modernist Afrikaner political visions described in the 1980 article. Botha's vision and sense of urgency did not take him to the point of seeking to engage blacks in a process leading to power sharing—until events got beyond him in 1984–85. By then trial balloons aimed at favored groups in the black community—e.g., black participation in an advisory national statutory council—only served to discredit those groups and legitimize the creation of "alternative structures."

Authoritarian and acutely sensitive to criticism, Botha proved to be a poor judge of character, gradually permitting himself to be surrounded by loyalists and opportunists who used their positions to indulge his wishful thinking and blatantly to distort the flow of information he received. In retrospect, Botha may have simply discounted the black organizational

[3] Ken Owen, *Business Day*, June 26, 1989.

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potential to establish a credible national protest movement. Or he may have believed that Afrikaner interests were best served by isolating and excluding black activists and creating a durable majority from the country's moderates of all races. The effort failed because Botha's changes created a vacuum and a rallying point for black urban leadership.

The results of all this were sadly ironic. The government which restored at least limited political rights to four million Coloureds and Asians—reversing an NP injustice of 30 years earlier—has gone down in history as the government that delivered the ultimate insult to the black majority, the catalyzing rebuff to its nationalist aspirations. Pretoria triggered a wave of black anger that led not only to three years of urban unrest in which thousands died, but also to the creation of the most effective grass-roots organizational drives in South African history. The United Democratic Front (UDF), a protest and resistance movement loosely aligned with the ANC, placed the Botha government on the strategic defensive, rekindled the Western anti-apartheid movement and successfully redefined South Africa as the world's premier polecat.

The South African government most committed to reform of any since World War II presided over a significant range of piecemeal changes improving the lives of blacks in many fields, removing some onerous apartheid practices and modifying others. Yet this is the government that will be credited more often with a draconian state of emergency in which perhaps 30,000 were detained, black groups put out of action, and the press severely muzzled. By his repressive actions during the height of the crisis in the mid-1980s, Botha drove away foreign investors and bankers, swept away the substantial gains he had made in regional diplomacy in 1984, and undercut those Western governments most important to him. Stirred to "do something" by the imagery of events in South Africa, those governments in turn imposed a range of punishments on him, his country and its economy.

By 1987 Pretoria had physically broken the back of the black resistance movement. In theory, this could have been a moment of fresh opportunity for the government to take the political initiative and shape a basis for further reform and negotiation. But, as Bishop Desmond Tutu once remarked, P. W. Botha lacked the "convictions of his courage." Lacking good ideas and unwilling to use those credible negotiators available to start a serious dialogue with black leaders, the Botha govern-

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ment found itself strangely adrift, like a sailboat on a becalmed sea: there was no momentum, no wind, no charts or compass.

Pretoria clearly recognized that major political change beyond that currently on offer would be required. But how to proceed in a context where an increasingly evident "black veto" could quickly discredit even major unilateral moves by government? Authoritarian reform now seemed less attractive to leaders whose top priority was to reassert control and who now faced a changed political landscape. The West, it was argued in Pretoria, suddenly seemed to have lost its own bearings and to be demanding nothing less than capitulation to maximal black demands. If unilateral moves would gain nothing, it was equally difficult to envisage a credible scenario for starting negotiations that would not alarm an increasingly anxious electorate.

Accordingly, the Botha government joined the ANC and UDF in the superficial exercise of pronouncing "preconditions" for negotiations—a clear confirmation that the time was not ripe. By 1988 a political stalemate had emerged. Growing numbers of South Africans of all races recognized that an ominous economic decline lay down the road. The long brewing loss of confidence by market forces—locally and externally—was followed by politically motivated Western sanctions.

South Africa, once the obvious centerpiece of hopes for broader regional development, now featured a collapsed currency, sustained capital export and private capital flight, no fresh money from abroad, reduced access to imported technology, growing black unemployment, higher inflation and interest rates, and declining white living standards. In a crowning irony, a government long accused of seeking only to perpetuate white domination was now increasingly charged by those to its right with compromising this principle and worse, with jeopardizing white economic interests. There could be no more stunning example of the perversity of economic sanctions. Small wonder that by the end of Botha's term, the NP found itself facing its first serious electoral challenge in decades.

VII

Botha's attitude toward the U.S.-South African relationship was but a microcosm of his broader approach. By listening too often to the wrong voices, he misread his margin of maneuver. Starting in 1981, he persuaded himself that he knew better

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than his best diplomats how to read Washington and get the answers he wanted.

Regarding South Africa, constructive engagement was by definition a conditional concept: in exchange for Pretoria's cooperation on achieving Namibia's independence, we would work to restructure the independence settlement to address our shared interest in reversing the Soviet-Cuban adventure in Angola; in exchange for reduced rhetorical flagellation and minor adjustments in certain bilateral fields (e.g., civilian export controls), we would hold Pretoria to its self-proclaimed commitment to domestic reform. There would be a change of tone toward reciprocity and even-handedness. But there would be no change in basic policy parameters on such matters as the U.S. opposition to South African apartheid laws and institutions or bilateral security ties—no "rewriting of the past 20 years of U.S. diplomacy," as the 1980 article put it—in the absence of fundamental internal change.

Botha and his colleagues preferred to view Ronald Reagan's 1980 electoral victory as the beginning of an embrace. Dissatisfied with the line coming from official Washington, Botha dispatched senior military emissaries to go around the diplomatic channel and obtain another definition of U.S. policy. When that failed, the new U.S. policy team was subjected to multiple efforts to divide it and then to obtain a tacit trade-off between regional cooperation and the downplaying of internal change. South African official media insisted on portraying the U.S. relationship in these terms despite the facts. Within months of reaching an agreement in principle on a shared approach to Namibia-Angola in 1981, we began to pick up signals of Pretoria's desire to discuss a very different relationship: what specific kinds of reform did we care most about and what sort of bilateral security cooperation were we prepared to consider to get it?

This sort of thinking, of course, ignored the fact that Botha needed first and foremost to consider South African rather than American opinion in deciding the course of domestic reform. It also ignored American political reality. We had no intention of putting aside the words I wrote in 1980:

> Clearly, the fundamental goal is the emergence in South Africa of a society with which the United States can pursue its varied interests in a full and friendly relationship, without constraint, embarrassment or political damage. The nature of the South African political system prevents us from

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having such a relationship now. That goal will remain elusive in the absence of purposeful, evolutionary change toward a nonracial system.

But Botha was not convinced, and by 1983 his representatives spoke to us of their mounting concerns about a conservative backlash; further reform would be difficult in the absence of major American quid pro quos. Our message echoed what we had said from the outset: it was in the government's own interest, and in the interest of a continued constructive relationship, to proceed with scrapping apartheid practices such as detention and bannings, forced removals and the pass laws; to extend citizenship rights to blacks throughout the country, to adopt a bill of rights and to further deracialize the economy.

When the turmoil erupted and Botha responded by falling into, instead of crossing, the Rubicon in 1985, Washington imposed selective and symbolic sanctions. We operated, in other words, on the realistic premise stated in my 1980 article: "events in South Africa will determine the basic parameters of American policy." Our purpose in 1985 was to underscore our message and buy time for a return to sanity in Pretoria before broad-scale, punitive economic measures were adopted in Congress. But a few months later Botha told me that "sanctions are your problem" and described our policies as "worse than Carter's." It was soon clear that the administration was losing control of the domestic debate on sanctions, months before Congress overrode Reagan's veto in the fall of 1986. Admittedly, a self-destructive battle within the administration over how to handle the congressional politics of the issue contributed to this result by assuring substantial Republican defections. But, by their regional and internal actions, Botha and his ever smaller circle of advisers virtually guaranteed this result. They may even have welcomed sanctions as an ironically liberating action that would break bilateral tensions and free Pretoria to go it alone.

As American firms departed in droves and trade links declined, the bilateral relationship became severely strained and direct influence plummeted. The U.S. administration was asked whether it would now forget about southern Africa. If not, what would we do now that sanctions had "replaced" constructive engagement? The question typified the adolescent quality of discussion on the issues: it implied that sanctions are themselves a policy rather than an instrument of policy, and it presumed that our policy was opposed to applying pressure on

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Pretoria. Botha knew better. Unlike the U.S. official who recently told *The New York Times* that constructive engagement under Reagan meant "not saying anything the South African government didn't like," Botha was keenly aware that we had been doing and saying things he did not like since 1981.

To their lasting credit, President Reagan and Secretary of State George Shultz decided that we would not be deflected from our view of how best to bring the region to its senses and resume the progress made in the early 1980s. We would continue, in close association with key allies, the effort to sustain our engagement in fostering regional negotiations while working to expand regional economic assistance. In Mozambique we would continue on the path of decency and self-interest, working closely with its government, feeding its traumatized people and carefully distinguishing its externally guided rebellion from the genuine civil war in Angola. In South Africa we would aggressively expand our diplomacy with black organizations while maintaining effective channels of communication with Pretoria. In this way we hoped to lay the basis for the day when southern Africa's leaders would come to their senses—set aside guerrilla violence, commando raids, sanctions campaigns and repression—and focus on the real issue: negotiated solutions.

In actions unprecedented by any major Western leader, Shultz held a meeting to discuss this agenda with ANC leader Oliver Tambo, the most dramatic of many examples Washington would set in the hope that Pretoria might one day follow. A few months later, in September 1987, he delivered an address asserting America's vision of a post-apartheid, democratic South Africa.[4] This was a forceful and direct contribution to the pre-negotiation process that has since begun, the first among several definitions that have emerged subsequently of the terms of reference for genuine dialogue.

VIII

One could argue that the Bush Administration should hold southern Africa at arm's length. The previous administration did not have an easy time, so why not focus on other priorities and let others worry about southern Africa? It is possible to treat this troublesome arena as an essentially domestic problem,

[4] George P. Shultz, "The Democratic Future of South Africa," an address before the Business Council for International Understanding, New York, Sept. 29, 1987.

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one to be contained politically with symbolism and rhetoric. After all, the argument goes, the British are exercising strong policy leadership, and the Soviets are winding down their military role.

But the answer is that we, too, have a stake in one of the most successful U.S. diplomatic initiatives of recent years. There is a solid legacy to build on and an important role to play. No other major country has our blend of expertise, problem-solving skill, political credibility and domestic motivation to carry through the diplomacy of southern Africa's next phase. Last year we elected as president a man who knows Africa, its leaders and its problems better than any in our history. By following through on the legacy of the 1980s, he has a chance for leadership in pursuit of goals shared by all Americans, goals properly identified with the party of Abraham Lincoln. It is worth the effort to remain engaged.

The next phase of U.S. involvement will be constructive if it is based on the recognition of certain basic realities. First, we are dealing with a new and highly fluid regional environment. Wars are ending, positions are in flux, and leaders are torn between their tactical political instincts and their larger strategic opportunities.

The United States can be effective only if it maintains the capacity to grasp and act upon these fast-moving events and to communicate credibly and in confidence with all the key players. The executive branch requires flexibility to do these things. This is not the time to negotiate with the Congress on the 1986 sanctions legislation; no purpose would be served by exchanging one set of static legislative prescriptions for another. Moreover, tangible U.S. carrots and sticks are becoming less relevant: ANC leader Nelson Mandela is unlikely to be released from prison sooner because we decide to modify our policy on imports of lobster tails or specialty steel products.

To obtain sufficient running room to conduct its policy, the administration needs to walk the very fine line between defining its own political imagery on the South African issue and the imperative of sustaining credibility in Pretoria. The first, defining its political imagery, is already in process, and is necessary if the administration is to move beyond the poisonous debates of the mid-1980s and the former president's sadly inadequate effort to convey his sensitivity to the outrage of apartheid. At the same time, failure to establish a basis of mutual comprehension and predictability between Washington

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and Pretoria will spell the end of U.S. effectiveness in southern Africa.

The Bush Administration has inherited a strong legacy in southern Africa. No purpose can be served by questioning that judgment except to confuse our allies, the Soviets and our African partners who consider our stock to be at all-time highs. But that legacy is like a set of algebraic equations with many unknowns. Can the contending political forces in Namibia find a modus vivendi so that both the U.N. transition group and the South Africans can extricate themselves smoothly, leaving behind a more or less viable nation? Will Pretoria and the Frontline States find a common language on regional security issues that now appear closer to some resolution? Will the newly emergent Soviet-South African flirtation, a direct result of the Namibia-Angola peace process, mature into an abiding feature of the new regional system?

The meeting between Botha and Mandela in July was significant as a symbolic portrait of a prisoner and a president who may have recognized, in that moment, that they need each other. Now a younger man, far more worldly than his predecessor, will replace Botha. F. W. de Klerk has raised certain expectations and said many different things to the various audiences he faces within and beyond his fragmented polity. He has told his party that it faces a "great moment of truth," but the odds are high that he has no master plan for dealing with it. Known as a man of pragmatic toughness, he may listen—at least intially—to a wider range of voices than Botha did.

One of the voices that he and others in the region should hear is ours. The message must be categorical on issues of racism, freedom, economic liberty and negotiated solutions. We should continue to define constructive agendas that can induce leaders to explore fresh options. But that is not enough. Ours must be a voice in support of bridging gaps and removing obstacles, not one that ratifies them or erects new preconditions.

The United States should reject at every turn the notion that South Africa is an American problem—it is not. And it will not be "solved" in a bilateral negotiation with its government: after nearly 80 years as an independent state, it is time that South Africa behaved like one and that South Africans bargain with each other. By the same token the conflict in South Africa will not be "solved" by crude American efforts

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to manipulate the distant and slippery levers of the South African power balance. An economically weaker South Africa will be a country with more suffering, anger and fear—not more statesmanship and vision. Negotiation and political solutions are possible at any point of relative equilibrium. They need not wait for some imaginary future stalemate, far bloodier than the present one.

Finally, the next phase of U.S. involvement can be constructive if we bear in mind that we are dealing with a region, not a set of isolated problems. It has never made sense to conjure up one policy toward South Africa and another toward one or more of its neighbors. This is a regional system that entered today's more promising phase when all parties concerned recognized that reality.

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John Lukacs

THE COMING OF THE SECOND WORLD WAR

The two world wars are the mountain ranges that dominate the historical landscape of the twentieth century. We still live in their shadows, in America as well as in Europe. Only with these wars did European and American history begin to coincide. The revolutions of 1820, 1830, 1848 and the wars leading to the unification of Italy and Germany marked the nineteenth century in European history, while the major events in American history were the westward movement, the Civil War and mass immigration. These events had certain transatlantic connections, yet not decisive ones. But in the twentieth century the two world wars have been the main events in the history of Europe and America as well.

For Europe World War I may have been more decisive than World War II, which was a radical continuation in many ways of the first war. For the United States World War II was more significant, both in its extent and in its consequences. American participation in World War I was short, and soon after the war American involvement in European affairs was repudiated for at least 20 years by the majority of American people. When Germany attacked Poland on September 1, 1939, many Americans believed that somehow, or in some way, the United States would become involved. President Franklin D. Roosevelt expressed this when he declared U.S. neutrality at the start of the war, but added that he could not ask his fellow countrymen to be neutral in their sentiments.

This was very different from 1914, when the expressions of President Woodrow Wilson and the American people reflected a sometimes smug satisfaction toward the European war: that kind of war was something America had long left behind in its progressive, democratic evolution. It was typical of the Old World, not of the New. During World War I American neutrality was not abandoned until 1917; in World War II the

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United States was a de facto belligerent many months before Pearl Harbor.

In 1918 President Wilson announced, and tried to put into practice, the idea that this would be the war to end all wars. The history of the next 20 years was to prove him woefully wrong. It is one of the ironies of history that while for Americans the consequences of World War II were much more worrisome than those of World War I, it may well have been World War II—with all of its unsatisfactory consequences—that brought about the end of the period of world wars.

In general terms, from about 1770 to 1848 the American and the French revolutions characterized a time of great democratic revolutions. Many wars of that period, including the Napoleonic and even the Mexican wars, were merely consequences of those turbulent times. But the broadest wave of European revolutions in 1848–49 turned out to be in reality the end of the era of revolutions. Instead, a series of wars followed in which, for various reasons, Germany played an increasingly important role. (The German people turned out to be better at waging wars than making revolutions.) This period of wars ended in 1945 with the final defeat and division of the German Reich, the division of Europe and the end of the European Age. It also marked the first (and perhaps the last) use of atomic weapons.

II

The start of both world wars involved miscalculations. In 1914 these miscalculations—and the responsibility for declaring the war—were shared by all the European governments and their general staffs, with the possible exception of Belgium. In 1939 the miscalculations that began the war were those of a single leader, Adolf Hitler. As in 1914, these miscalculations involved an incorrect estimate of what a potential adversary would or would not do. Hitler had hoped in 1939 that Britain would not, at the last moment, honor its guarantee to Poland. Remembering 1914, when there had been no clear commitment of British intentions, Prime Minister Neville Chamberlain offered a guarantee in 1939 to Poland (the first, and presumably the last, such obligation by the British to an east European state), hoping that such a definite commitment would deter Hitler. It did not. Instead, during the last days of August, Hitler tried to drive a wedge in the alliance between Britain and Poland by offering an ostensibly, but not truthfully, rea-

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sonable settlement to his eastern neighbor. He did not succeed. After obvious hesitation Britain declared war on Germany—56 hours after Germany began the bombing and invasion of Poland.

Yet Hitler was not altogether wrong. Although Britain and France declared war, they stopped short of waging war—with the exception of a few tentative incursions over German airspace and a substantial war at sea. They did nothing to aid their Polish ally while the western frontier of Germany was held by only a few German divisions. This reluctant effort, which American journalists dubbed the "phony war," lasted throughout the fall, winter and early spring. It sapped the morale of the French and, to some extent, of the British, and it helped Hitler come close to winning in the early summer of 1940.

A deeper and greater miscalculation, however, eventually cost Hitler the war. In 1939 he had come to believe that time was working against him and in favor of the west European democracies, whose rearmament had begun. He believed that the superiority of the German armed forces would lessen and erode at the latest by 1942 or 1943. His Italian ally, Benito Mussolini, disagreed, arguing that although Britain and France had begun to rearm and resist Germany and Italy, their opposition would not last long. Without actual war, Mussolini wrote, the costly resolve of the west European democracies would not sustain itself. Their resistance would not stiffen and increase, it would weaken and diminish. In sum, time was not on the side of Paris and London. Mussolini, who repeated this argument once more to Hitler in January 1940, was probably right.

But Hitler would not listen, for deeper reasons welling up from within. His view of his life and destiny had changed. Sometime in the winter of 1937–38 Hitler became convinced that he would not live much longer and that therefore the time had come to translate the prospect of a greater German Reich into action, before it was too late. Thus he moved in 1938 to incorporate Austria into Germany and to subdue Czechoslovakia, and in 1939 he pushed to reduce Poland to a satellite or, at most, to a junior ally of Germany—even at the risk of war.

This last statement requires further explanation. A. J. P. Taylor was the first noteworthy historian in the early 1960s who tried to refute the accepted idea that Hitler had a definite

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timetable of conquest.[1] Hitler, according to Taylor, was a German national leader profiting from situations as they arose. This argument is not altogether untrue, except that there was nothing particularly German about that. Napoleon did not have a timetable of conquest either, a point that Taylor chose to ignore. In any event, Taylor was wrong about Hitler's purposes regarding Poland and about the actual outbreak of the war. Since Hitler's territorial demands in August 1939 were not excessive, Taylor wrote that Danzig was the key problem: "Only Danzig prevented cooperation between Germany and Poland." But this misses the more essential point. Hitler wanted the Polish state to come within Germany's sphere of influence. Concessions on Danzig were to be but the first step along a path that would end with Poland becoming not only Germany's ally and junior partner, but its satellite. He wanted to put an end to a Poland independent enough to have a foreign policy of its own.

Hitler's primary foreign policy requirement was to ensure the vassalage of neighboring countries, rather than the actual annexation of their territories. This was what he gained from both the Austrians and Czechs. But the Poles were different. Their refusal to surrender launched the Second World War. For this Hitler never forgave them. This was probably the main reason—even beyond his racist antagonisms—for his cruel and oppressive treatment of the Polish people, a brutal treatment that would be visited on no other people except the Jews of Europe and Russia.

III

This leads to the larger and unresolved problem of Hitler's policy toward the Soviet Union in 1939. Nine days before Germany's invasion of Poland, his foreign minister, Joachim Ribbentrop, signed in Moscow the German-Soviet nonaggression pact, which included a secret protocol that provided for the division of much of eastern Europe. Hitler thought that this pact, which amounted to a stunning diplomatic defeat for the British and the French, would further deter them from fulfilling their recently assumed obligations to Poland. Instead, on August 25, the British government extended its guarantee to Poland into a formal alliance. Together with Mussolini's

[1] A. J. P. Taylor, *The Origins of the Second World War*, New York: Atheneum Press, 1962.

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decision of Italian nonbelligerence communicated to Berlin that same day, the British decision persuaded Hitler to postpone the commencement of military operations by five days (during which time he tried to drive a wedge between Poland and Britain). Yet nothing indicates that his pact with Stalin was a sine qua non for starting war. Had Hitler made no pact with Stalin, he still would have attacked Poland.

What would have happened without the German-Soviet pact? Most historians opine that the dominant, if not the consuming, factor in Hitler's worldview was his anticommunism and his vision of *Lebensraum*, which included portions of European Russia. They argue that the wars against Poland and the western powers were simply a preliminary stage to the ultimate invasion of the Soviet Union. Yet there are some reasons to question this view. There is absolutely no evidence in German military papers or in Hitler's own words to suggest that, after the conquest of Poland, Germany would have continued eastward against the Soviet Union. On the Soviet side, there are many reasons to believe that in September 1939, even without a German-Soviet pact, Stalin would have acted essentially as he did: i.e., seeking some kind of accommodation with the Germans over the crushed body of a Polish state.

This was the essence of Stalin's conduct in September 1938 during the Munich crisis. For a long time people believed (and some historians still believe) that one main reason why the Munich "settlement" was a disaster was because it made Stalin skeptical of the value of an alliance with France and Britain, and that Stalin's doubts eventually led him to seek the accommodation with Hitler. Since the Soviet Union had been allied with France and Czechoslovakia at the time of the Munich conference, many historians maintain that in 1938, unlike 1939, the Soviet Union would have been a military ally of the western democracies. (As the first volume of his wartime memoirs shows, Winston Churchill believed this as late as 1948.) Yet all of the evidence from the diplomatic, military and intelligence documents accumulated since the end of World War II suggests that, the Soviet alliance with Czechoslovakia notwithstanding, Stalin would not have gone to war in 1938 to help the Czechs.

Hitler must have known that. In any event, the strongest evidence against the prevailing notion of Hitler following a timetable is the absence of any mention of Russia in the famous Hossbach memorandum of the conference on November 5,

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1937. During this meeting, Hitler told his generals to prepare for war, if need be. Yet he hardly mentioned Russia in his war plans before, or during, the Munich crisis. What he thought about Stalin at that time we do not know. (We do know that during the war Hitler often spoke of Stalin with considerable respect, if not admiration.)

In March and April 1939 it was Moscow that approached Berlin. What happened thereafter was a triangle of negotiations and intrigues. The British and French were trying to bring Russia into their alliance system. Chamberlain would occasionally suggest to the Germans that if they were only more reasonable about Poland, a proper and honest relationship between Britain and Germany could be ensured. Hitler, on the other hand, allowed hints to be dropped to London and Paris about a possible German arrangement with the Soviet Union, which they failed to take seriously until it was too late. Stalin, secretive and cunning by nature, dropped no hints to the British about his approaches to the Germans and few hints to the Germans about his negotiations with the British, which were not going well.

For this failure the dilatory and overly cautious policies of the British and French have often been blamed. They were slow and reluctant to send their missions to Moscow. When they finally did, they consisted of second-rank personages. The British, even more than the French, were unwilling and unable to produce serious military and political commitments. Yet there is not the slightest evidence that Stalin was willing to enter into any alliance with the western democracies if he could make a deal with Germany instead—which is what happened in the end.

The pact did not start World War II, but it put an end to the political geography of Europe that had been established after World War I. On a larger scale, something else happened. The year 1939 marked the return of Russia and the United States to the European scene after a virtual absence of 20 years.

IV

The English revolutions of the seventeenth century, the American and the French revolutions of the eighteenth century, the Meiji Restoration in Japan in the nineteenth century, to say nothing of Hitler's "national revolution" in 1933, were significant events that enhanced the power of these nations, often through war.

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The Russian Bolshevik Revolution of 1917 was an exception. It was the consequence of a war and not the source of one; it led to a diminution, not an accretion, of national power. It meant a Russian withdrawal from Europe—geographically, militarily, economically, politically and ideologically. Geographically, the frontier of the "new" Russia retreated eastward (as its capital, too, moved back from Petersburg to Moscow)—in some places it moved back to the Russian frontiers established by Peter the Great and Catherine II nearly two centuries before. Militarily, the dissolution of the Russian army preceded the Bolshevik Revolution—indeed, it was a condition for it; consequently the armed power of Russia was not much of a factor in the European balance of power for about 20 years. Economically, Soviet trade with its European neighbors was minimal, a fragment of what it had been before 1914. Politically, the Soviet Union became a near outcast, separated from the rest of Europe by its own volition. (The term "iron curtain" was not invented by Churchill in 1946. It had been current 25 years earlier, when Lenin's regime chose to close Russia's frontiers as hermetically as possible.) Ideologically, too, the impact of the Soviet Union upon Europe was less than many people then believed (and some people even now believe). It was unlike the American and the French revolutions, which found successful emulators in many places, especially among neighboring peoples. Contrary to Lenin's original predictions, from World War I to World War II communism failed to establish itself anywhere outside the Soviet Union (except Outer Mongolia). It was especially repellent to its east European neighbors.

The change came in 1939. At the threshold of a new European war, Moscow found that it was being solicited. Stalin, who was the opposite of Lenin, that is, a statesman rather than a revolutionary, understood this very well. Russia would reenter eastern Europe and recover some of those territories that Lenin and his cohorts had given up 20 years before. That was Stalin's main goal, not the propagation of international communism—as shown not only by his subsequent actions but also by the language of Soviet declarations of the period.

In this sense the imperial tendency of the Soviet Union, assumed at the end of World War II (and greatly enhanced by its military victories), was already discernible at the beginning of 1939. The western democracies would not be able to defeat, let alone contain, the German Third Reich. By 1940—well

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before the United States entered the war—the British recognized that the only alternative to German domination over most of Europe was a hardly avoidable acquiescence to Soviet rule in much of eastern Europe.

In the summer of 1939, however, another factor contributed to the British and French resolution to declare war on Germany. This was the presence—or, rather, the growing shadow—of the United States on the European scene. After the First World War both the Soviet Union and the United States chose to withdraw from Europe. Yet unlike the Soviets', America's withdrawal was only military and political, not economic and cultural. By 1939 a considerable and influential minority of the American people, unlike those in Moscow, evinced a new, anxious and concerned interest in the ominous events in Europe. Even more important was President Roosevelt's conclusion that it was in the American interest to encourage resistance to Hitler in some European capitals, especially in Paris and London. This conclusion had matured in the president's mind during the winter of 1938–39. Mindful of the widespread isolationist currents that still prevailed in the United States, he did not proclaim it openly to the American people. It was nonetheless discernible from his tone in a few presidential statements and in his suggestions to personal envoys in Paris and elsewhere.

Hitler's statements, beginning in January 1939, showed that he was well aware of President Roosevelt's inclinations. From that time on he began to consider Roosevelt as his principal enemy—a conviction that Hitler held to the end. All of this preceded the outbreak of war. In September 1939, unlike in August 1914, American neutrality was not a fixed and seemingly immovable factor. In 1939 and 1940 every European government was aware of the increasing American presence in the constellation of forces and the growing attention and respect paid to the United States as a result. This developed more than two years before the actual American entry into the war.[2]

[2] More than a year before Pearl Harbor an American presidential election, for the first time in history, became an important element in the calculations of the statesmen of the world. That this was obvious in Churchill's case needs no illustration. But Hitler berated Mussolini in October 1940 for attacking Greece before the American presidential election; around the same time Stalin instructed Molotov to visit Berlin only after that election.

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V

The reappearance of both Russia and America on the European scene in 1939 foreshadowed the coming of a new world after the war when these two superpowers would govern the destinies of much of Europe and the globe. But in important ways the worlds of 1939 and 1945 were very different. Because of the global rise and the eventual conflict of the two superpowers, it has been customary to consider the conflict between communism and capitalism, incarnated principally by the Soviet Union and the United States, as if that were the spine, the main feature, of the twentieth century since 1917. This perspective has been occasionally presented by Marxist, anti-Marxist, leftist, rightist, Soviet, American, French and German historians. Yet this perspective is false. The outbreak (and also the course) of World War II had nothing to do with communism or with capitalism. In 1939 Soviet and American relations with each other were relatively unimportant.

Erupting in war in September 1939, the world's previous quarter-century was marked by the existence of a triangular conflict among the great powers, but which also tended to be reflected within each country. There was democratic capitalism, incarnated by the United States, Britain, the English-speaking nations and the west and north European democracies. There was communism, incarnated solely by the Soviet Union and represented, indirectly and ineffectively, by the scattering of communist parties and their sympathizers around the world. And there was a new kind of nationalism, elevated to the level of an official state philosophy, a new kind of faith that substituted for religion, of which the most extreme incarnation was the German Third Reich but which had other incarnations elsewhere. In 1939 this third force was the most powerful one in Europe. Eventually it took the alliance of the other two powers to defeat it. Just as within Germany, Japan, Italy and other countries, neither communism nor democratic capitalism was able to withstand the power of the extreme nationalists, so during the war neither the western democracies nor the Soviet Union was able to defeat Germany alone. It took their strange alliance to accomplish that.

In September 1939 much of this lay in the future. Few people saw it as we see it—or, more precisely, should see it—now. But there was another, related element in the history of that period. The texture of political history had changed. The

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ideas and the practices that states such as the German Third Reich, the Soviet Union or the liberal democracies represented had active sympathizers abroad. During World War I there were very few people who, because of their ideological preferences, wished for the defeat of their own state and for the triumph of its adversaries. (Even Lenin does not constitute an exception: true, he wished for the collapse of the Tsarist Russian state but then he also wished for the collapse of every other government; while he accepted German help and funds, he was not a German sympathizer.)

By 1939, however, there were people in every European country (and also elsewhere) whose hatred of their governments and of the political system was so intense that they were willing to work for their defeat. Thus not only were communists across the globe committed to helping the Soviet Union; there were nationalists of different stripes who admired the new Germany. Within Germany there were men and women who were willing to risk their lives in order to thwart the triumph of Hitler. The latter were true patriots, rather than nationalists—as indeed the emerging incarnations of resistance to Hitler's Germany in 1940 involved traditionalist patriots such as Churchill or Charles de Gaulle, motivated as they were by their old-fashioned principles of patriotism, liberty and honor.

There was, finally, yet another difference between 1914 and 1939. The peoples of Europe swept into the First World War with frenzied enthusiasm. In September 1939 they went to war in a serious, disciplined way. The British entered the conflict with a silent determination. The Germans, who were supposed to have been whipped into fanaticism by Hitler's propaganda, took up arms with a fatalism that was toneless rather than serene. It stood in grave contrast to their relief when Kaiser Wilhelm II had called them to war in 1914. In 1939 those Europeans who sought relief in the coming of the war were a small minority, the exception. In 1914 it was the majority that had found relief in it, almost everywhere.

In 1914 most governments, and people, expected a short European war. In 1939 no one expected a short war, perhaps with the solitary exception of Hitler. In 1914 the peoples of Europe thought of another European war; only later did popular terminology make it a "World War." In 1939 everyone knew that this was the start of the Second World War. No one knew that it was also to be the last European war.

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Gerhard L. Weinberg

THE NAZI-SOVIET PACTS: A HALF-CENTURY LATER

Early on August 22, 1939, the world was startled to learn from an announcement in the Soviet press that German Foreign Minister Joachim von Ribbentrop would arrive in Moscow on the following day to sign a nonaggression pact. Equipped with instructions from Adolf Hitler authorizing him to sign both a treaty and a secret protocol that would enter into force as soon as signed by the two countries (rather than when ratified later), Ribbentrop left for Moscow that evening. At the airport, the German delegation was met by deputy commissar for foreign affairs, Vladimir P. Potemkin, who earlier that year had declined an invitation to meet with British Foreign Secretary Lord Halifax.

Stalin and Molotov, the commissar for foreign affairs, held several conversations in the Kremlin with Ribbentrop and the other German diplomats. During the night of August 23–24 an agreement was reached on all points; the pact and a secret protocol were signed; a celebration party followed in which the participants drank toasts to each other, to German-Soviet friendship and to the absent Hitler.

II

The nonaggression pact, which was published, provided that Germany and the Soviet Union would not attack the other or assist any third power at war with the other, thereby assuring each of the neutrality of the other party should either decide to attack a third country. They promised not to join groups of powers directed against the other and to settle by peaceful means all differences that might arise between them. The pact

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was to last for ten years and then an additional five years unless a notice of termination were given a year before its expiration.

Immediate effectiveness also applied to a secret protocol attached to the published treaty and governed by a special agreement to ensure its secrecy—an agreement that the Germans maintained until the end of the Third Reich and that the Soviets are only now considering breaking. This protocol provided that Finland, Estonia and Latvia were to be in the Soviet sphere of interest; Lithuania, enlarged by the Vilna area then in Poland, was assigned to Germany. Initially, Germany wanted to divide Latvia between the two powers at the Daugava (Dvina) River; on Soviet insistence, Latvia was quickly turned over entirely to the Soviet Union. As for Poland, with the exception of the Vilna area signed over to Lithuania for inclusion in the German sphere, it was to be partitioned along the line of the Pissa, Narev, Vistula and San rivers. This line divided the core area of Polish settlement within prewar Poland, and the two powers agreed to review at a later time the question of whether or not a rump Polish state would suit their convenience. And during Ribbentrop's second visit to Moscow on September 28, 1939, Germany accepted a Soviet proposal whereby the territory between the Bug and Vistula rivers, together with a small piece of Polish territory in the north, would be traded to Germany in exchange for Soviet control of the bulk of Lithuania. In effect, this agreement left the question of any Polish state in the tender hands of the Germans.

Further south, the original partition scheme of August 23 provided that the Soviet Union could prosecute its interest in Bessarabia—which Russia had taken from its ally Romania in 1878 only to lose it after World War I—while the Germans declared their complete political disinterest in southeast Europe. It is now known that Ribbentrop was authorized to go even further and agree to Soviet control of Istanbul and the Straits, but Stalin evidently did not ask for this.

The new agreements worked out on September 28 also included a friendship treaty between Germany and the Soviet Union (which was later supplemented by a boundary protocol), a confidential agreement on the exchange of populations across the borders separating the Soviet and German spheres in eastern Europe, a secret protocol to the effect that neither would tolerate Polish agitation concerning territory seized by the other, and several exchanges covering major extensions of the economic agreement that had been signed between the two

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countries on August 19. These latter agreements were designed to help the Germans break the British wartime blockade by assisting in acquiring raw materials that could then be shipped across the Soviet Union. While these arrangements to support the German war effort were kept secret, the two powers publicly called for an end to the war which, now that they had divided Poland between them, served no further purpose in the opinions of Berlin and Moscow. It is, of course, essential to recall that between Ribbentrop's two trips to the Soviet capital, the partners of the Nazi-Soviet pact had both attacked Poland; their friendship, in Stalin's phraseology, had been "cemented with blood."[1]

III

As is already clear from the description of the text of the August agreements, they provided the Germans with a green light for an attack on Poland and were so interpreted by all at the time. Unlike prior nonaggression pacts signed by the Soviet Union, this one contained no provision that it would become invalid if either party attacked a third country.[2] Furthermore, the agreements assured the Germans that if England and France honored their promise to go to war on Poland's behalf, the disappearance of the hated Polish state would provide a common border with Russia; this would be a friendly Russia, committed to helping Germany break the British blockade. From the Soviet Union itself, Germany could draw on supplies of oil, grain and nonferrous metals needed for the conduct of war against the western powers; across the Soviet Union, Germany would be able to obtain other important raw materials from the Near East, East Asia and possibly the western hemisphere. Above all, Germany could concentrate all its forces, after the quick defeat of Poland, on the western front.

For the Soviet Union—well informed by its espionage net-

[1] Stalin to Ribbentrop, Dec. 22, 1939, quoted in Roman Umiastowski, *Russia and the Polish Republic, 1918–1941*, London: Aquafondata, 1945, p. 182.

[2] It may be worth noting what Maxim Litvinov said on this subject at a speech given to the League of Nations on September 14, 1935: "Not every pact of nonaggression is concluded with a view to strengthening general peace. While nonaggression pacts concluded by the Soviet Union with its neighbors include a special clause for suspending the pact in cases of aggression committed by one of the parties against any third state, we know of other pacts of nonaggression which have no such clause. This means that a state which has secured by such a pact of nonaggression its rear or its flank obtains the facility of attacking with impunity third states." (Quoted in Jane Degras, ed., *Soviet Documents on Foreign Policy, 1939–1941*, Vol. 3, London, New York: Oxford University Press, 1953, p. 145.)

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work that the German attack on Poland, when it came, would be a preliminary step to an attack by Germany in the west—the agreement appeared to provide insulation from what was already being referred to as the "Second Imperialist War." The agreement also provided great accretions of territory, the disappearance of the Polish state, which the Soviets hated as much as the Germans did, and an encouragement to Germany, which had drawn back from war in 1938, to launch a war with the western powers that Stalin assumed would weaken both parties equally, satisfying Soviet belief in "the need for a war in Europe."[3] In addition, the pact assured the leaders in Moscow that Japan, whose troops had just been defeated by the Red Army in clashes at Nomonhan on the border between Manchuria and Outer Mongolia,[4] would not dare attempt a new attack on East Asian territories belonging to or controlled by the Soviet Union.

For Poland, the pact clearly meant total isolation in the face of what looked like an imminent German attack. Though not immediately apparent to the Polish government, it also meant that any hope of holding out against German troops in eastern Poland during the winter of 1939–40 could not be realized, because the Soviet Union would invade Poland from the east and seize the territory allocated to it by the secret German-Soviet agreements.

For Great Britain and France, the pact meant that all their hopes of a multifront war against Germany were dashed. In pursuit of those hopes, drawn from a belief that a powerful Germany could most likely be defeated only by a combination of allies, they had made a long series of concessions to the Soviet Union in lengthy negotiations during the summer of 1939; for example, the proposal that a Soviet declaration of war on Germany would be contingent on a *prior* declaration of war by Britain and France. Until August London had postponed signing an alliance with Warsaw in the hope that one with Moscow could be arranged. Now that this possibility was clearly excluded, the treaty with Poland was rushed to signature on August 25. Determined to go to war at the next instance of German aggression if it were resisted, the British government

[3] Soviet commissar for foreign affairs to the ambassador in Tokyo, July 1, 1940, in James W. Morley, ed., *The Fateful Choice: Japan's Road to the Pacific War*, New York: Columbia University Press, 1980, pp. 311–312.

[4] There is now an excellent study of this conflict; Alvin D. Coox, *Nomonhan: Japan against Russia, 1939*, 2 Vols., Stanford, Calif.: Stanford University Press, 1985.

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hoped that an obvious and public stand might still deter Germany from war. In a special letter to Hitler, Prime Minister Neville Chamberlain said that London would go to war with or without allies; he warned both Hitler and Benito Mussolini that once the war started it would not end after any defeat of Poland but would be continued until Allied victory.

For the French, as for the British, the pact dashed any hopes of assistance from the Soviet Union against the German menace. The various French schemes advanced in the winter of 1939–40 for attacking the Caucasus oil fields and for aiding the Finns in their defense against Soviet attack, while occupying the Swedish iron mines along the way, can be seen in part as a reflection of the disappointment and anger in Paris.

For Japan, the pact was a traumatic experience, partly because the Japanese had been involved in fighting with the Soviet Union and wanted help from their German Anti-Comintern Pact partners, which would now not be forthcoming, and partly because they imagined themselves still involved in negotiations with Berlin and Rome for an alliance against Moscow. The government in Tokyo fell in the face of what looked like a humiliating diplomatic reversal, but successor cabinets in Japan failed to draw long-term conclusions from the way Germany had treated them.

For fascist Italy, which had been among the first of the major powers to develop good relations with the Soviet Union, the Germans appeared to have gone rather far, but at the time Mussolini was not prepared to argue the point. Like the Germans, Italy's leaders had considered the Anti-Comintern Pact as directed primarily against England, and this reinforcement of anti-British forces could only be welcome to Rome.

The United States had been the last of the major powers to recognize the Soviet regime. It had done so in part as a counterweight to possible aggressors in Asia or Europe. President Franklin D. Roosevelt, who did not share the then common belief in the great strength of the French army, had tried hard to warn Stalin of the dangers of aligning the Soviet Union with Germany, pointing out in the summer of 1939 that a Germany victorious in western Europe would then be a menace to all other countries, including the Soviet Union and United States. As these warnings fell on deaf ears in Moscow, Washington could only observe the outbreak of war in Europe in sadness. It would adopt a policy for keeping out of that war

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opposite from the one followed by the Soviet Union. Instead of helping Hitler, the United States would assist his foes.

IV

How had the agreement between Germany and the Soviet Union come about? Why had the two powers, which for years had made numerous nasty comments about each other in public, worked out secret agreements to partition eastern Europe between them? What led them to call jointly upon the other nations of the world to accept this division, which ended the independence of Poland as well as Czechoslovakia, most of which Germany had swallowed and whose permanent demise the Soviet Union had legally recognized just before invading Poland? The motives of the two partners were different, and we are far better informed on those of the Germans; the motives for each must therefore be examined separately.

With Hitler's rise to power in 1933, Germany began following a policy that called for the establishment of a dictatorship inside the country, the massive rearmament of a racially aware population and, thereafter, a series of wars to secure land on which the German population could feed itself and grow ever larger. It was obvious from a look at the map that most of Europe's agricultural land lay in the east, primarily in the Soviet Union. In the official doctrine of the Nazi state, the peoples living there, most of them of Slavic stock, were racially "inferior." By what Hitler considered an extraordinary stroke of good fortune for the Germans, these people were now ruled by even more inferior and incapable Jews who had come to power as a result of the Bolshevik Revolution—a revolution in which the at least minimally capable old Germanic ruling class of Russia had been replaced by total incompetents.

Hitler believed that the seizure of vast land masses from the Slavic people would be a simple matter and that the inhabitants of the conquered areas could be easily displaced or murdered; before this could be done, Germany's position in Europe had to be strengthened. In particular the French, whose army stood perilously close to Germany's most important industrial area, the Ruhr, had to be crushed, and the British, who could obviously not be separated from them, had to be driven off the continent. The war against the west could, it was believed, be won most easily from a base that included Austria and Czech-

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oslovakia under German control, and these states had accordingly been absorbed into Germany as preliminary steps.

During the years when the Germans were rearming and moving first against Austria and then Czechoslovakia, all soundings from the Soviet Union to improve relations were waved aside. There was, from the perspective of Berlin, nothing that Moscow could do for them under these circumstances. In internal affairs, Germany's Communist Party had once assisted the Nazis in destroying the Weimar Republic by targeting the Social Democratic Party as the main enemy, but now the Communist Party was itself the target of the regime's destructive fury. In the field of rearmament, the Soviet Union had provided the German Republic with the opportunity for secret work in the areas prohibited to Germany by the Versailles Treaty of 1919: armored warfare, poisonous gases and air warfare. The new government in Berlin, however, was carrying out its rearmament program on a vastly greater scale and increasingly in the open so that secret facilities in the Soviet Union were no longer of any special use. As for the building up of a huge blue-water navy, then under way or being planned for war against Britain and the United States, that was a field in which the Soviet Union had never been of assistance to Germany.

In the diplomatic field, there similarly had been nothing in Berlin's eyes that the Russians could have done to help during the years 1933–38. Neither Austria nor Czechoslovakia had a common border with the Soviet Union, and in its preparations for seizing Austria and attacking Czechoslovakia, Germany ignored the Soviet Union entirely. Under these circumstances, the repeated efforts made in Berlin by Stalin's special representatives for the purpose of warming German-Soviet relations were invariably ignored. In the winter of 1938–39 this situation began to change.

Germany had planned to attack Czechoslovakia in 1938, expecting to annex that country as the result of an isolated war. But that project did not work out as Hitler had intended; the very device by which he had hoped to isolate his victim from outside support—the presence of over three million Sudeten Germans in Czechoslovakia—ended up involving Germany in negotiations that ceded to Germany the territory on which the Sudeten Germans lived. To his subsequent regret, Hitler had drawn back from war and had settled for the

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ostensible rather than the real aims of German policy.[5] Thereafter, he plotted to seize the rest of Czechoslovakia after a "decent interval" while preparing for war with the western powers, which he now intended to launch in the near future. Such a war, in his opinion, would require a quiet eastern border and the subordination of the two eastern neighbors, Hungary and Poland.

In the winter of 1938–39, this aim was attained with regard to Hungary but not with regard to Poland. The litmus test was joining the Anti-Comintern Pact. After much hesitation, Hungary took this symbolic step of obeisance to Germany, but Poland simply would not agree to it. The leaders of Poland were as anticommunist as anyone in Europe, but they were not about to give up the revived independence of their country without a fight. On all other questions they were prepared to make some compromises, but formal obeisance to Berlin was out of the question. It took Hitler a while to recognize that Warsaw meant what it said, but once he realized that the Polish regime would not subordinate itself to the whim of Berlin, he decided that a preliminary war against Poland would be necessary before Germany attacked the west, unless, of course, the western powers joined Poland.

It was in this context that the German picture of relations with the Soviet Union changed. The Soviet Union had a long common border with Poland as well as a long tradition of hostility. A partition of Poland with the Soviet Union appeared to offer a number of advantages to Germany: it would isolate Poland for a quick attack; it might deter Britain and France from aiding Poland and going to war against Germany until the latter picked its own time to attack them; it would open the way for Germany to acquire much needed materials from and across the Soviet Union, thereby invalidating any blockade of Germany even before it was instituted.

The prospect of an alignment with Moscow looked even more attractive to Berlin at a time when it was having difficulty recruiting other allies for the coming war with Britain and France. The Italians eventually agreed to sign an alliance, the so-called Pact of Steel of May 1939, but the Germans recalled that Italy had urged a compromise in 1938 and had, at the time of signing the alliance, made it clear that several years of

[5] I have discussed these matters in my article, "Munich After 50 Years," *Foreign Affairs*, Fall 1988, pp. 165–178.

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peace were needed to prepare Italy for the confrontation with the west. Germany's other major prospective ally, Japan, did not want an alliance against the west at all. Engaged during prior years and again during 1939 in border clashes with the Soviet Union, Japan wanted an alliance against that country, not against Britain and France who, in their eyes, were likely to be supported by the United States. Here was an ally who wanted to march in the wrong direction; an alliance with the Soviet Union looked like a much better prospect to Hitler.

Since Hitler believed that the attack on the west was the *difficult but necessary* prelude for the subsequent *simple and fast* attack on the Soviet Union, concessions could easily be made to Moscow. Whatever the Soviets wanted, they could get, including a few things they did not even ask for. These calculations were based on the assumption that once Germany had won its big war in the west, it could take back everything given away in the east—and more. The real question was not, therefore, the terms on which an agreement might be reached but whether the Soviet Union would be prepared to arrive at an agreement in the time frame within which the Germans were working and whether they would provide assurances of economic support as well as the diplomatic aid Germany wanted.

It was from this position that Berlin examined the soundings from Moscow in 1939 and interpreted Stalin's speech of March 10, 1939, and the replacement of Foreign Commissar Maxim Litvinov by Molotov in early May as signs of Soviet seriousness. The vast publicity attendant upon negotiations by the Soviet Union with Britain and France left the Germans in some doubt as to whether their secret talks with the Soviets would really produce an agreement, but the very fact that their own negotiations were being kept secret and that an economic agreement was being worked out combined to make the prospects look good. In order to create a common border, the disappearance of the smaller countries between the two powers was an inviting prospect for Berlin, and ending the independence of these countries by partition with Moscow was acceptable, with the exact terms and demarcations being of no special importance. Here was the chance for Germany to secure its eastern border while fighting a war in the west, and if an agreement with the Soviet Union provided this condition, all the better. But, of course, once the agreement with the Soviets had served its purpose of shielding a German victory over Britain and France, then the campaign in the east against the Soviet Union would

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follow, hampered neither by the paper barrier of the non-aggression pact nor by the need to keep large forces in the west.

If this was Hitler's perception, it was one that in its essentials was supported enthusiastically by others in the upper levels of Germany. Many of the diplomats had long believed that good relations with Russia, whatever its government, would be good for Germany (though a few were sufficiently alarmed by the prospect of a German-Soviet agreement to warn the United States). The German military leaders could hardly contain their eagerness for war against Poland and welcomed anything that might lead to that happy event. The prospect of a one-front war made the agreement with the Soviet Union all the more desirable. A few old Nazi Party members were affronted by the tie to the center of communism, which Nazi propaganda had long pictured as the great enemy, but such rumblings had no impact on German policy. For a short time, Berlin was willing to sign an agreement with Moscow.

V

On the Soviet side, a different ideology by a different route led to the same result. Assuming that the capitalist world would remain united against the Soviet state, and incapable for ideological reasons of comprehending the special nature of the Nazi state, Stalin had repeatedly approached the Germans for some agreement that would assist them in turning against what he perceived to be the capitalist imperialist rivals of the Third Reich. A war between Germany and the western powers looked to the Soviet leader like the best prospect for both the safety and the future expansion of Soviet power. Repeated rebuffs by Berlin did not discourage Stalin from making more approaches. In 1938, when it looked as if war might break out over a German attack on Czechoslovakia, a country with which the Soviet Union had a defensive alliance contingent on France honoring its alliance with that country, the Russians took a *public* stance in support of Czechoslovakia while privately declining any opportunity to assist that country. The fact that the Germans funked at war—by contrast with the Japanese who had thrown themselves into war with China without encouragement from anyone—made it look in 1939 as if an agreement with Germany might have the effect of encouraging that country to take the plunge.

In this context, Stalin believed that negotiations with the

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western powers for an agreement, accompanied by plenty of publicity, might induce the Germans to come to a settlement and to go forward with their plan for war against Poland and the west simultaneously or in sequence. From what evidence we have, it would appear that three factors required clarification in Soviet eyes:

—whether the Germans were serious about an agreement, an issue all the more important to Moscow because in January 1939 the Germans had aborted an economic mission to them under circumstances that left the Soviets both mystified and annoyed;

—whether or not the Germans were prepared to make the concessions that Stalin wanted in terms of territory in Poland;

—whether the Germans saw the need for the disappearance of the independent states of eastern Europe in essentially the same way as Stalin did.

As Stalin subsequently explained to the British ambassador, "the U.S.S.R. had wanted to change the old equilibrium. . . . England and France had wanted to preserve it. Germany had also wanted to make a change in the equilibrium, and this common desire to get rid of the old equilibrium had created the basis for the rapprochement with Germany."[6]

The negotiations showed the Russians that the Germans were indeed serious about sharing eastern Europe by division with them, contrary to the position of the western powers who hoped to preserve the independence of the countries there. From Stalin's point of view, therefore, it was a matter of stringing along the western powers in public by steadily increasing Soviet demands, a procedure to put pressure on the Germans to raise their offers to the Soviets in private. When Hitler wrote Stalin a personal letter asking him to receive Ribbentrop promptly, the Soviet leader realized that the time had come to take final action. Further stalling would force Germany to postpone an attack on Poland since good campaign weather in eastern Europe was coming to an end. By that time Moscow had already signed a long-term economic agreement with Berlin—a clear sign that the Soviet Union had no intention of joining Britain and France. Now was the moment to receive

[6] Sir Stafford Cripps to the Foreign Office, July 16, 1940, Public Record Office, FO 371/24846, f. 10, N 6526/30/38. The document is quoted with permission of the Controller of Her Majesty's Stationery Office.

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the German foreign minister and hammer out the details of an agreement. The "old equilibrium" would indeed disappear.

VI

Once the agreement of August 23, 1939, and its secret protocol had been signed, Germany felt free to go to war with Poland. And, after some last-minute efforts to separate that country from its western allies, Germany attacked. Since Hitler intended to strike in the west after beating Poland, it did not appear especially important to him whether the war with France and England came immediately or was postponed. The key point was to obtain a peaceful border in the east for a subsequent campaign in the west, and here was his chance to get it. Once it became certain that the western powers would stand by Poland, he did not even wait out the extra day his own timetable allowed. Acting on the lessons he had drawn from the Munich agreement, Hitler was worried that someone might arrange a compromise at the last minute and cheat him out of war, as had happened in 1938. Now was the time to strike—and the sooner the better.

Immediately following Germany's attack on Poland, Hitler urged the Soviet Union to seize the territories assigned to it, and he was somewhat unhappy that Stalin did not move sooner. But once the Soviet Union had signed a truce with Japan, it moved quickly against both Poland and the Baltic states. Since the Lithuanians had refused German pressure to join in the war against Poland, they were traded to the Russians for portions of central Poland, as already mentioned; thus the two partners of the pact worked out the details of dividing eastern Europe. When the Russians ran into trouble in their attempt to impose their will on Finland, Germany supported the Soviet position, while communist parties in western Europe were ordered by Moscow to do what they could to undermine resistance to the Germans. The Soviet Union provided vast quantities of raw materials to Germany under the trade agreement and did what they could to support the German navy's war against Allied shipping. In exchange, the Germans delivered some machinery and naval equipment to Russia.

As the war continued in 1940, the cooperation between the two partners appeared to go well. The Soviet Union assisted Germany in its strike at Narvik in the Norwegian campaign and was delighted by the German victory there. Germany's triumphs in the west during May and June of 1940 were made

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possible, on the one hand, by the pact with the Soviets, which enabled Germany to concentrate its forces on one front at a time when it was not yet exhausted, as it had been by the time the Soviets signed a separate peace in the First World War. On the other hand, these triumphs enabled the Soviets to end the vestiges of independence still left to the Baltic states,[7] to put renewed pressure on Finland and to annex not only Bessarabia but a substantial additional piece of Romania as well.

What Stalin did not realize, or would not believe, was that by this time Germany was already planning an attack on the Soviet Union, an attack Hitler originally scheduled for the fall of 1940. Soviet action against Finland and Romania provided Germany with allies on the two flanks of the coming front. As friction mounted, the Soviet Union expressed a willingness to join the Tripartite Pact signed by Germany, Italy and Japan in September 1940, but the Germans were not interested. Neither growling nor pleading by the Soviets had any influence on Berlin. The acceleration of Soviet deliveries of supplies to Germany from its own stocks or across its territory from the Far East had no more effect on German policy than the simultaneous acceleration of American deliveries to Britain (with the passage of the lend-lease program) affected Hitler's assurance to Japan that Germany would go to war with the United States if Japan got into such a war as a result of the latter attacking Britain. The German government went to war with others on the basis of its calculations, not on the policies of those it planned to strike.

The bloody fighting that began with the German attack on the Soviet Union on June 22, 1941, pointed up the terrible miscalculations made by both parties to the Nazi-Soviet pact. The Germans would discover that heading east before finishing the war in the west was a dangerous step. They would learn the hard way that their beliefs about the inferiority of Slavs and the weakness of the Soviet Union were delusions derived from the false doctrines of racial determinism. At least a few Germans would also learn that the establishment of a tier of

[7] The Red Army occupied the portion of Lithuania assigned to Germany by the secret agreement of Sept. 28, 1939, when it entered that country on June 15, 1940. There followed lengthy negotiations that ended with a new secret agreement, signed on Jan. 10, 1941, by which the Soviet Union compensated Germany for its annexation of this territory with $7.5 million. There is an account in Bronis J. Kaslas, "The Lithuanian Strip in Soviet-German Secret Diplomacy, 1939–1941," *Journal of Baltic Studies*, Vol. 4, No. 3, 1973, pp. 211–225. Related documents and a map are included in the 1980 reprint prepared by Professor Kaslas.

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independent states between Germany and the Soviet Union at the end of World War I had been an enormous advantage, not a disadvantage, for Germany. And along with the great blessing in the Versailles Treaty of maintenance of German unity, it had been destroyed by the Germans themselves.

The Soviet leadership was similarly deluded by its own ideology. Just as many Germans had believed in the racial inferiority of the east European peoples, Stalin appeared to have believed in the Marxist-Leninist nonsense about fascism as the tool of monopoly-capitalism struggling for markets, investments and raw materials—a view that left no room for an independent Nazi ideology of racial agrarian expansionism. The shocked surprise with which the Soviet leadership met the German attack—when their own intelligence had warned them, when the British had warned them and when the Americans had provided them with the outlines of the German invasion plan—has to be understood, in my judgment, as the triumph of preconceptions over reality. In 1927, when there had been no signs of an invasion of the Soviet Union, there was a war panic in Moscow. Now that all the signs were in place with innumerable warnings, what should not be could not be.

What made the Soviet miscalculation so horrendous was, of course, that by the time Stalin realized that Chamberlain and Roosevelt were correct in their belief that Germany could be defeated best by an alliance of powers, the Soviets had helped the Germans drive the Allies out of northern, western and southern Europe, leaving the Soviets alone with them on the continent in the east. Millions and millions of Soviet citizens would lose their lives over this disastrous miscalculation; only the incredible endurance of a suffering civilian population, the bravery of the Red Army's officers and soldiers and the diversion of German manpower and resources to an escalating war against the western powers allowed the regime to survive.

VII

During and after the war, the Soviet Union offered a variety of new explanations for signing the pact. Official Soviet statements originally depicted the pact as an instrument of peace, but this line was abandoned after June 1941. It was also asserted that the western powers were about to make a Munich-type agreement with Germany, a somewhat curious line of argument that had to be abandoned in the fall of 1939 when the Soviet Union urged them to make peace with Germany on the as-

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sumption that both Poland and Czechoslovakia were to disappear.[8] Other public arguments, then and later, asserted that the western powers would not make sufficient concessions to the Soviet Union, a point that has to be interpreted in terms of Stalin's own belief that ending the independence of the countries of eastern Europe was in the interest of the Soviet Union as well as Germany. The Soviets also claimed afterward that Russia's expansion westward provided an additional buffer against a German invasion, though the events of 1941 would show that the shift from the old defended border to a new one weakened, rather than strengthened, the ability of the Red Army to hold off the Germans.

Until recently Soviet publications have either ignored the existence of the secret protocol of August 23, 1939, or denounced it as a forgery. This question has arisen in face of renewed and ever more open agitation for a greater degree of autonomy in the Baltic states—perhaps real independence—and an entirely new situation in Poland. A new look at the events of August 1939 has major current political relevance.

There cannot be any doubt that the documents that record the partition of eastern Europe between Nazi Germany and the Soviet Union are authentic. The originals were deliberately destroyed by the Germans but only after they had been microfilmed along with many other important documents.

Perhaps a new perception of the past will enable the Soviet Union to see the secret protocol as part of a mistaken and adventurous policy by Stalin—a policy that cost Russia the most horrendous losses, and for which the country had not properly prepared. As Europe moves into a new phase, perhaps the Soviets as well as the Germans may come to see that allowing the peoples living between them to enjoy a real independence can contribute to the security of all countries.

[8] It has been suggested at times that Moscow reacted to the news of talks in London between the secretary of the Department of Overseas Trade, Robert S. Hudson, and a German official, Helmuth Wohlthat. Since we now know that the Soviet decision to sign a long-term trade agreement with Germany preceded those talks, that theory must be discarded regardless of how the Hudson-Wohlthat talks are interpreted. In view of the information available by that time, the author called attention to this point in the preface to the second printing of his *Germany and the Soviet Union 1939–1941*, Leyden: Brill, 1972, p.vi.

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Ray S. Cline

COMMENTARY: THE CUBAN MISSILE CRISIS

In Washington, crucial facts are commonly observed disappearing down the historical "memory hole." Recollections of the Cuban missile crisis of 1962 are in fashion now. Naturally, dim recollections and diverse perceptions cloud the picture, but more than that there appears to be a genial wish on the part of many of the reminiscing original participants in the "Thirteen Days in October" to demonstrate fairness and balanced judgment about the Soviet Union, deferring politely to what Soviet officials are saying in this extraordinary age of selective glasnost.

One thing is clear to me, one of the aging participants who remembers the 1962 crisis pretty clearly. Mikhail Gorbachev's team of official intellectuals is engaged in a program of historical revisionism serving Moscow's interest. Some of the facts being laid out are misleading or simply not true, and the geopolitical thrust of the Soviet interpretation of history is false.

Political jokes in Moscow are very revealing, and one joke of some durability tells us something about this retrospective look at Cuba of 1962. The story goes that Marxist-Leninist states give a clear, simple picture of the future, bound to be bright for communism, but the past is unpredictable since it needs to be changed from time to time.

The past has certainly changed under Gorbachev, who is purging Brezhnev-era cohorts but energetically refurbishing the image of Lenin and that good old economic reformer Nikita Khrushchev, who presided over the Cuban crisis. As Gorbachev's policy interest changes, due to the urgent Soviet need for economic reform and détente, the past is being substantially revised. It is not necessary, however, for Americans to believe everything they are told or to forget what they thought they knew.

II

The thrust of the Soviet argument at a two-day U.S.-Soviet-Cuban symposium held in Moscow January 27–28, 1989, was that Khrush-

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chev feared an American invasion of Cuba and made the extraordinary strategic move of attempting to place missiles on Cuban soil to defend his protégé, Fidel Castro. Many of the Americans attending the symposium, including former Secretary of Defense Robert McNamara and former Assistant to the President for National Security Affairs McGeorge Bundy, reacted to these reminiscences in the company of Soviet and Cuban speakers by tending to accept that Khrushchev may have acted defensively. They seemed rather to like the romantic idea that the two superpowers were at the very brink of war, as Gorbachev urged them to believe.[1] But in my view neither of these propositions is valid. I certainly doubt they are the heart of the matter.

The truth is that both sides were scrupulous in avoiding even the remote chance of an actual nuclear exchange, for the simple reason that, as we all assured President Kennedy, the United States had at least a four-to-one advantage in ICBMs and a much greater superiority in nuclear weapons capability, as well as a much greater number of bomber aircraft of intercontinental range. While it is exciting to speculate on how brilliantly we escaped the nuclear holocaust, none of the informed officials I talked with at the time thought the chances of war were high. I would have said no more than one in a thousand.

Had it been otherwise, the direct threat of nuclear retaliation, which I helped others to draft for the president's October 22 warning, would have been argued at length and probably would have been hedged. Our superiority was so great that only a mad Khrushchev would have fired a nuclear weapon. We knew enough about him to believe he was wily, secretive and deceptive, but not blind to his own and his country's security. Castro might have been tempted, as was suggested at the symposium, but Khrushchev's son has indicated that the Soviet leader kept him on a tight rein.

One fascinating piece of suspect evidence presented in Moscow was the suggestion from Soviet participants that the Cuban missiles were ready to be armed with nuclear warheads, which would have heightened the danger of war. A Soviet military historian, General Dmitri A. Volkogonov, said he had "reviewed archive material on the subject," although he did not present confirming evidence of his deduction that 20 warheads were already in place. Khrushchev's son seemed to agree on the presence of warheads in Cuba, but said they were not "mounted on the missiles."[2]

[1] Foreign Broadcast Information Service (FBIS), Soviet Union, Jan. 30, 1989, pp. 19–20; Jan. 31, 1989, pp. 9–11.

[2] Raymond L. Garthoff, *Reflections on the Cuban Missile Crisis*, revised edition, Washington, D.C.: The Brookings Institution, 1989, pp. 39–42.

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My own recollection of the evidence is clear because this exact subject was one Kennedy repeatedly asked me about. The CIA's view, concurred in by the Defense Intelligence Agency as far as I know, was based on two firm pieces of evidence. Our massive photo reconnaissance effort never revealed any evidence of warheads being shipped in or being present. There was firm evidence that the structural elements we knew were designed for nuclear weapons bunkers did arrive and were being assembled at two locations, but that these were not operational. It is also known that nuclear warheads were on the Soviet ship *Poltava*, which turned back in face of the U.S. naval quarantine.

Raymond Garthoff, a scholarly politico-military analyst in the State Department during the crisis, is now willing to give credence to Soviet assertions that 20 nuclear warheads arrived in Cuba before the blockade, although he insists they were never placed at a missile site.[3] Because of his recent researches, Garthoff is the best qualified expert in the world on the crisis. Nevertheless I disagree with his carefully hedged willingness to accept Soviet claims on this point. No Soviet expert active during the crisis gave any concrete evidence to substantiate this new Soviet assertion.

There is an ideological motive for featuring this assertion about the nose cones, whether true or not. It is obviously very much part of the Soviet agenda to persuade American participants that the two nations were on the brink of nuclear war and that Khrushchev's reasonable flexibility narrowly averted the destruction of civilization. The thought that nuclear warheads were actually present makes this danger much more palpable. Of course CIA and military planners, as a matter of prudence, were obliged to assume that nuclear nose cones might be there, but the photo experts who briefed me found no particle of evidence that they were. The vast number of overflights in that hectic 13 days makes me believe some inkling of the arrival of nose cones would have been found among the thousands and thousands of frames of film, had they actually been on the spot.

Since Gorbachev is now engaged in selling everyone on the values of a nuclear-free world, the theme presented at the Moscow symposium makes sense for the Soviet Union. No doubt a healthy fear of nuclear weapons' destructiveness was a key factor in avoiding war between the Soviet Union and the United States during the decades of the 1950s and 1960s, and perhaps later. It is instructive to note that Khrushchev stood down all proposals for military moves by Soviet forces during the week of October 22, 1962, never seeking

[3] *Ibid.*, p. 42.

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to pose any intercontinental threat once Kennedy took a strong stand on withdrawing the missiles from Cuba.

It is also revealing that Soviet officials, notably Vice Foreign Minister Kuznetzov, vowed after the crisis was defused that the Soviet Union would never again be in such a comparatively weak position of military power. In fact Soviet leaders promptly began the costly massive buildup of an astonishing array of missiles that finally brought Moscow to a position of strategic parity with Washington.

It is true that never again after about 1970 would an American president be able to make Soviet leaders worry much about escalation to nuclear war. The risks became just too great.

Now that Gorbachev recognizes that his predecessors starved the Soviet economy to pay for the nuclear weapons that Leonid Brezhnev bought in the 1960s and 1970s, the U.S.S.R. wants us all to believe that nuclear weapons keep the superpowers perilously close to war. Gorbachev insists that removing these weapons will guarantee peace rather than facilitate conventional arms conflicts, and that Soviet gestures at détente eliminate the need for modern American defense forces at any substantial level.

None of these propositions are proven, and in my view they are probably wrong. The superpowers still are fundamentally different societies, geopolitically and geographically confronting one another across the gulf of the deep difference between a totally state-owned economy under a one-party dictatorship and a pluralist democratic market economy. The systemic conflict and geopolitical proximity are the reason the military weapons exist, not vice versa. If the inherent contradictions between cultures embedded in centralized autocracy and democratic respect for individual and minority rights are sometimes blinked at, the massacre in Beijing's Tiananmen Square should sober up those whose attention wanders.

III

My reservations about the symposium in Moscow go even deeper than specific questions of the presence of nuclear warheads in Cuba. The most dubious proposition advanced in these discussions was that protecting Castro's socialist state as a symbol of Soviet political power in the Caribbean was Khrushchev's primary motive, and that he was forced into it by Kennedy's intention to mount a military invasion of Cuba.

Undoubtedly Moscow has gained many advantages from Cuba in intelligence collection and power projection in Latin America, and it is clear that Khrushchev decided to give a lot of military help to Castro when they met during the U.N. General Assembly session in

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New York in 1960. Nobody qualified to judge has ever suggested, however, that any incumbent group of Soviet party leaders would expose the homeland of the Soviet Union to a serious risk of extensive nuclear damage in order to save an asset in a distant part of the world. Even to this day Moscow has never included Cuba in the Warsaw Pact or any formal military alliance, despite repeated requests from Castro to be admitted to the inner club. Leninism as taught in the party schools cries out against any suggestion that the Soviet motherland should suffer to protect a client state, preferring to retreat from danger so as to live to fight another day in better circumstances. History repeatedly reveals that Moscow follows this principle, sacrificing political dependencies as necessary, most recently in the retreat from Afghanistan. Gorbachev still emulates Lenin and is undoubtedly even now following this policy of prudent withdrawals aimed at strengthening the centralized control system.

I am convinced that Khrushchev had a broader strategic goal in mind in 1962, with the endgame focusing on Berlin. Khrushchev knew the deployment would cause a worldwide political storm, but evidently thought Kennedy would simply be obliged to get used to the idea of having missiles in substantial numbers pointed at the United States.[4] Unlike Bundy and McNamara, I agree with what I understand to be the views of Garthoff and Paul Nitze, a perennial sage on Soviet behavior, that the aim was not to defend Castro but to alter the psychological and political perceptions of the balance of power, particularly in Washington. I am sure the impact on American thinking would have been shattering if we had not detected the missiles before they were deployed and recognized how deliberately Khrushchev had tried to deceive Kennedy with his misleading statements about offensive weapons in the summer of 1962.

In any case Khrushchev was not crazy enough to fire the missiles, although he was a great braggart about the destructiveness of his military weapons. He surely meant to shock world opinion into thinking he had got the whip hand over the United States by his unprecedented and menacing deployment of missiles to Cuba. After all, 42 missiles, the number actually delivered to Cuba, would have doubled the total first-strike capability available to the Soviet Union in the fall of 1962.

Having immobilized Kennedy from resort to nuclear retaliation as a result of this sudden jump to missile parity, Khrushchev then would have tried to cash in his chips in Berlin. He probably hoped

[4] *Khrushchev Remembers: The Last Testament*, translated and edited by Strobe Talbott, Boston: Little, Brown, 1970, pp. 492–494.

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to whipsaw the NATO powers into negotiating a strategic retreat rather than face the uncertain consequences of a conventional military conflict in Europe. Against the backdrop of a sudden nuclear scare, it might have worked, especially as there were divergences among the European allies about the price to be paid for Berlin.

Even before the Cuban crisis, there was substantial evidence already reported of Soviet diplomatic maneuvering and actual forward deployments of Soviet military units in Germany. All of this stopped dead on October 23, 1962. Plainly Khrushchev's game was strategic blackmail, using Cuba to alter what Soviet theorists call the "correlation of forces"—by which they mean a complex psychological, political and military assessment. In this way he could regain strategic momentum in Berlin, where Moscow had enormous advantages in mounting threats and conducting military operations. If Kennedy and his NATO partners had capitulated on Berlin, as some might have wished, the course of superpower relations in the 1960s and later decades would have been entirely different.

Khrushchev's mind worked in just such devious and conspiratorial ways. The best evidence that he had in mind a scheme larger than simply protecting his Caribbean investment is presented in a book recounting Soviet President Anastas Mikoyan's post-crisis visit to Washington. Janos Radvanyi, a Hungarian counselor of embassy in Washington and later a defector to the United States, reports that Mikoyan said at a Soviet embassy briefing for diplomats from communist countries on November 30, 1962, that the missile deployment in Cuba was intended not just to defend Castro but was also aimed at "achieving a definite shift in the power relationship between the socialist and the capitalist worlds."[5] In this ideological context, something would have to happen in Europe to be of so great a benefit.

The final point worth making is that Khrushchev was under heavy pressure at this time to do something to restore his prestige, in particular to fulfill his boasts and threats about changing the ground rules for Berlin. Kennedy had countered his threatening advances in Germany with firm statements and gestures of determination to defend Berlin. The United States also had revealed the CIA's findings from remote-sensing satellite imagery that the Soviet Union had only a few ICBMs, rather than the superior force Khrushchev had deceptively implied and the U.S. intelligence community had accepted until overhead imagery became available in 1962. Since his overblown claims of missile superiority had been exploded, Khrushchev

[5] *Hungary and the Superpowers: The 1956 Revolution and Realpolitik*, Stanford (Calif.): Hoover Institution Press, 1972, p. 137.

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badly needed a triumph in international affairs. The wisdom about this situation has been captured by Walt Rostow, then chief of the State Department Planning Group—including a reference to Cuba and, by chance, to me. Concerning the summer of 1962, Rostow wrote:

> The planning group over which I presided, representing the best minds in the second level of government . . . had the advantage of time to reflect at length on the meaning of the sharpening Soviet position on Berlin since the spring. . . . We had canvassed the possibilities of a convulsive effort by Khrushchev to retrieve his waning position. . . . As I recall, Ray Cline of the CIA was the most perceptive among us. I closed the meeting on August 21 by observing we might be about to see the greatest act of risk-taking since the war. Cline said: "Maybe we are seeing it right now in Cuba."[6]

On this note I rest my case on the real meaning of the Cuban crisis. Khrushchev did indeed take the gigantic risk of deploying missiles to Cuba in order to destabilize Germany and NATO, hoping thereby to alter perceptions of the relative strength of the two superpowers. We did not hear much of that in Moscow in January 1989. We ought to press Soviet officials to open up their archives as the United States has done, and not simply accept the simplistic Soviet message about Khrushchev defending Cuba against American military attack.

Washington had no plans to attack, as the approval of the strictly limited covert operations Mongoose plan plainly established.[7] In my position at the CIA at the time I was well informed about this operation. I can state with confidence that there was no basis in American policy for a Soviet fear of an American invasion of Cuba when Khrushchev was making his decision to base missiles there. Claims that these fears motivated Khrushchev represent a blatant case of historical revisionism to justify Khrushchev's dangerous gamble. He was ebullient, not frightened, in heading into the Cuban adventure.

The message from the Moscow symposium of 1989 has too much topspin of glasnost to be convincing. What we understood in 1962 ought to be part of our strategic thinking until conclusive evidence to the contrary is put on the table for scholarly historical evaluation.

[6] *The Diffusion of Power: An Essay in Recent History*, New York: Macmillan, 1972, p. 259.
[7] Garthoff, *op. cit.*, p.8.

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RECENT BOOKS ON INTERNATIONAL RELATIONS

Edited by Lucy Edwards Despard

General: Political and Legal

Andrew J. Pierre

RIGHT v. MIGHT: INTERNATIONAL LAW AND THE USE OF FORCE. By Louis Henkin and others. New York: Council on Foreign Relations Press, 1989, 128 pp. $12.95 (paper).

Has international law lost its relevance to the use of the military instrument? This volume, product of a Council on Foreign Relations study group, provides a badly needed set of answers, dissecting such cases as Grenada, Libya, Nicaragua and Afghanistan. Stanley Hoffmann addresses rules of behavior and the ethical foundations of international law, while Jeane Kirkpatrick and Allan Gerson argue for the legitimacy of military intervention to further self-defense and human rights. Louis Henkin provides a brilliant overview of the historical evolution of international law and of how it has been misapplied in recent years, and William D. Rogers and David J. Scheffer add an important political and practical dimension. While it is clear that some of the traditional constructs of international law may be inadequate to deal with the new, indirect forms of conflict, the conclusion emerges that the customarily flexible and evolutionary nature of international law should permit dealing satisfactorily with emerging and novel conditions. This is a solid volume whose ambitious aims have been realized; it should be read by foreign policy practitioners as well as by lawyers and legal scholars.

AGAINST EVERY HUMAN LAW: THE TERRORIST THREAT TO DIPLOMACY. By Andrew Selth. Canberra: Australian National University Press, 1988, 219 pp.

Diplomacy has become one of the world's dangerous professions, given the high incidence of attacks upon diplomats abroad and even upon embassies during the past twenty years. Written by an Australian foreign service officer, this work provides a calm, analytic view of the worldwide problem as well as a special section on the Australian experience. Unlike many other writers on terrorism, he eschews alarmist rhetoric and is confident that the norms that have sustained diplomatic practice for centuries can be maintained.

THE WORLD COUNCIL OF CHURCHES AND POLITICS. By J. A. Amerson Vermaat. New York: Freedom House, 1989, 136 pp. (Washington: University Press of America, distributor, $19.75; paper, $9.75).

The extensive foreign policy interests and activities of the World Council of Churches is a legitimate area of investigation and deserves unbiased analysis. Unfortunately this book does not provide it. Rather, the author, a Dutch journalist, is obsessed with Soviet influence over the WCC and falls just short of calling it a Soviet front. He is critical of the support for "liberation theology" in Central America, of the program to combat racism

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in South Africa (which includes limited financial assistance to the ANC and SWAPO), of the Council's positions on Afghanistan and on human rights in Asia, and of a perceived tilt toward the Soviet line in nuclear disarmament. Nevertheless, if one sets aside the shrill rhetoric one can still learn a great deal about the international activities of the world's foremost non-Catholic church organization.

VICTIMS AND SURVIVORS: DISPLACED PERSONS AND OTHER WAR VICTIMS IN VIET-NAM, 1954–1975. By Louis A. Wiesner. Westport (Conn.): Greenwood Press, 1988, 478 pp. $55.00.

This work is a sobering reminder of the wide devastation that war can have on civilian populations. The massive displacement of the Vietnamese population in both North and South Vietnam is extensively documented by an American official who was deeply involved in refugee assistance. The book is long on data and short on analysis and conclusions, but this will not reduce the impact upon the reader who is prepared to read it through.

THE INFORMATION AGE AND SOVIET SOCIETY. By Richard W. Judy and Virginia L. Clough. Indianapolis: Hudson Institute, 1989, 99 pp.

How is the "information revolution" doing in the Soviet Union? According to this valuable and intriguing book, computer and communication technologies are developing, but only fitfully, in a manner constrained by the political system. The use of personal computers is largely confined to Moscow and a few large cities, with restrictions on intracity telecommunications severely limiting information exchange. Moreover, there is some evidence of conservatives' reluctance to abandon party and state control over the production and dissemination of information. (Mikhail Gorbachev, on the other hand, is said to enjoy the Macintosh given him by Apple's John Scully.) The authors argue that the Soviet information revolution depends upon the success of perestroika and softening of bureaucratic restraints.

THE FRONTIER OF LOYALTY: POLITICAL EXILES IN THE AGE OF THE NATION-STATE. By Yossi Shain. Middletown (Conn.): Wesleyan University Press, 1989, 214 pp. $25.95.

Drawing upon a wide range of examples, the author—an Israeli political scientist—examines the varied roles of political exiles as leaders of a dispersed opposition. Much of their difficult struggle involves seeking recognition and loyalty so as to achieve legitimacy. Ambiguities may arise when loyalty to a government in power is challenged by loyalty to the principles the nation espouses. The analysis in this sophisticated work is original and stimulating; the subject, at a time of growing concern over human rights, is highly topical.

General: Military, Technological and Scientific

Gregory F. Treverton

FORGING THE ALLIANCE: NATO, 1945–1950. By Don Cook. New York: Arbor House/Morrow, 1989, 306 pp. $22.95.

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NATO IN THE 1990s. Edited by Stanley R. Sloan. Washington: Pergamon-Brassey's, 1989, 347 pp. $30.00. A North Atlantic Assembly Publication.

In a few scant years the United States overturned George Washington's advice and the presumption of its history by entering what turned out to be a permanent alliance in Europe. Historians still argue, but at this distance NATO looks like a masterful act of statecraft, the right risk-averse choice even if it played some part in confirming Stalin's hostility and the division of Europe. The story has been told before, but Cook, a distinguished foreign correspondent, helps us think about whether existing arrangements are still the right choice. The chapters in the Sloan volume were background to a report of the North Atlantic Assembly, the group of NATO parliamentarians. There is no finer set of authors; they cover the range from defense burden to nuclear weapons to out-of-area issues, so called. Yet the theme of the assembly report—increasing NATO's European "pillar" so as to keep America fully engaged, even if deficits impel it to withdraw some troops—seems like yesterday's issue, and so is a reminder how fast events are moving in an area where change used to be glacial.

ASSIGNMENT PENTAGON: THE INSIDER'S GUIDE TO THE POTOMAC PUZZLE PALACE. By Maj. Gen. Perry M. Smith, USAF (Ret.). Washington: Pergamon-Brassey's, 1989, 271 pp. $25.00 (paper, $15.95).

POAC, the "Tank"—if you want to know more about these Pentagon institutions, this book is for you. Readably written by a retired Air Force general with a wealth of experience in the Pentagon hallways and folkways, the book is primarily nuts and bolts—complete with maps and a nine-page glossary of Pentagonese—but it also gives a flavor of how the Goldwater-Nichols reorganization affects the work of the Joint Chiefs of Staff.

UNGUIDED MISSILES: HOW AMERICA BUYS ITS WEAPONS. By Fen Hampson. New York: Norton, 1989, 370 pp. $19.95.
AFFORDING DEFENSE. By Jacques S. Gansler. Cambridge: MIT Press, 1989, 415 pp. $24.95.

"A biography . . . of the lives of weapons" that "outlive their political sponsors (and critics)," ranging from the B-1 bomber to the M-1 tank, is how Hampson, a Canadian and a subtle observer of American politics, describes his book. He lays out the weapons acquisition cycle in clean prose, and he dissects the politics of procurement. "Efficiency is not one of democracy's virtues," Hampson writes, and he argues that lengthy acquisition cycles weaken political accountability. Gansler's canvas is broader and his approach more scholarly. He is one of America's foremost students of defense acquisition, the author of *The Defense Industry*, and his conclusions overlap with Hampson's. Neither author's remedies are new—shorten lead times for weapons while lengthening and making more directly competitive the budgeting process—but Hampson's conclusions emerge strongly from his "biographies," and his emphasis on Congress is apt. Gansler's recommendations illustrate just how deep the political change will have to be; his case for removing "Congress's detailed regulation of the procurement process" is strong but is not the way this season's political winds are blowing.

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THE MASKS OF WAR: AMERICAN MILITARY STYLES IN STRATEGY AND ANALYSIS. By Carl H. Builder. Baltimore: Johns Hopkins, 1989, 256 pp. $28.00 (paper, $10.95). A RAND Study.

Along with congressional committees and defense industries, the third leg of the iron triangle that makes reform so hard is the military services themselves. Builder's provocative book is institutional profile at its best, probing far beyond the flip phrases that usually describe the essence of each service, e.g., that the air force likes things it can fly. His conclusion is not optimistic: political reform from the top "will only succeed in prodding the American military institutions into rallying their many supporters in Congress and throughout American society."

MOVING TARGETS: NUCLEAR STRATEGY AND NATIONAL SECURITY. By Scott D. Sagan. Princeton: Princeton University Press, 1989, 237 pp. $19.95. A Council on Foreign Relations Book.

Sagan wrestles with the paradox of deterrence: nuclear weapons must be usable enough to deter but not so usable as to risk war by accident or to terrify the citizens they are meant to protect. He makes a thoughtful argument for his preference—second-strike counterforce capabilities to threaten Soviet leaders, and reserve nuclear forces without the destabilizing risks of a first-strike threat. At the same time, his own rendition of how far the details of American nuclear targeting have diverged in the past from the announced American strategies makes one skeptical about how plain *any* distinction can be in the eyes of the beholders who matter most—the leaders of the Soviet Union.

POWER AND MADNESS: THE LOGIC OF NUCLEAR COERCION. By Edward Rhodes. New York: Columbia University Press, 1989, 269 pp.

Rhodes takes the insight, taught by Thomas Schelling a quarter-century ago, that nuclear threats made to deter would be irrational to carry out if deterrence failed, and pushes it to argue that the United States should abandon the search for rational nuclear options, exploiting irrationality by relying instead on a version of Herman Kahn's probabilistic Doomsday Machine. The argument takes Rhodes where he wants to go—to much smaller nuclear forces that pose no war-fighting threat. It may not take the reader to the same place, but the ride is a good one.

U.S. NUCLEAR STRATEGY: A READER. Edited by Philip Bobbitt, Lawrence Freedman and Gregory F. Treverton. New York: New York University Press, 525 pp. (New York: Columbia University Press, distributor, $35.00; paper, $15.00).

This excellent selection of important essays and speeches spanning more than four decades is a good companion volume to the histories of the nuclear age that are now appearing. The editors have provided brief but useful introductions to each of the six sections into which they have divided the book. Michael Mandelbaum

ABOUT FACE: THE ODYSSEY OF AN AMERICAN WARRIOR. By Col. David H. Hackworth, USA (Ret.) and Julie Sherman. New York: Simon & Schuster, 1989, 875 pp. $24.95.

The memoir of a soldier's soldier who never expected to "check out of the Army any way but feet first," this is passionate testimony not only to

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the brutality and murkiness of war but also to the pettifoggery of bureaucratic war-making. (Hackworth's disenchantment culminated in a 1971 appearance on "Issues and Answers" that ended his career.) Yet his criticism is both intemperate and indiscriminate, leaving unclear exactly what lessons he draws from Vietnam, other than that the army is no better positioned now for the most likely wars—unconventional, messily political, limited conflicts in the Third World—than it was then.

TERRITORY OF LIES. By Wolf Blitzer. New York: Harper & Row, 1989, 336 pp. $22.50.

Why did Jonathan Pollard deliver U.S. national secrets to Israel? According to Blitzer, it was largely the tug of what Pollard saw as a higher loyalty, with some hero worship and derring-do fantasy thrown in. The prose is occasionally offhand, but Blitzer, longtime Washington correspondent for the *Jerusalem Post*, knows his two countries in detail and is careful not to venture beyond his evidence.

STRATEGIC INTELLIGENCE FOR AMERICAN NATIONAL SECURITY. By Bruce D. Berkowitz and Allan E. Goodman. Princeton: Princeton University Press, 1989, 232 pp. $19.95.

While covert operations grab the headlines, intelligence analysis, carried out by CIA officers and their colleagues who are more professorial than conspiratorial, is more important to America's security. This is a primer to that analytic function, the authors' updating of Sherman Kent's classic of 40 years ago, *Strategic Intelligence for American World Policy*. Primarily focused on the executive branch, it treats Congress as an overseer and supporter; the real revolution—Congress as a coequal *consumer* of intelligence—lies just at the edges of its pages.

GENERAL MAXWELL TAYLOR: THE SWORD AND THE PEN. By John M. Taylor. New York: Doubleday, 1989, 457 pp. $22.50.

Taylor was never far from controversy—resigning as Eisenhower's army chief of staff over the administration's reliance on nuclear weapons and then putting his critique in *The Uncertain Trumpet*; catching Kennedy's eye for his clear-minded review of the Bay of Pigs debacle; soldiering on in support of the war in Vietnam while ambassador in Saigon. This is a thorough, affectionate biography written by his son, a retired intelligence officer.

General: Economic and Social

William Diebold, Jr.

OPEC: TWENTY-FIVE YEARS OF PRICES AND POLITICS. By Ian Skeet. New York: Cambridge University Press, 1988, 263 pp. $29.95.

This first-rate book provides a persuasive interpretation of the history of OPEC by stressing the different stages through which it has passed and the ways in which changes, not only in supply and demand but in national concerns with revenue and foreign policy and in the international political setting, affected the process. Skeet, who worked for Shell for 30 years, says that October 1973 was the dividing line between the period when OPEC was negotiating for independent power and the period in which it was able

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to exercise that power. At the peak, OPEC had "achieved most of what had been in the minds of its founders," except becoming a true cartel. Then, in 1985, it "reverted to a state of suspended animation" that is only "a break in the story," not the end.

MANAGING EXCHANGE RATES. By Peter B. Kenen. New York: Council on Foreign Relations Press (for the Royal Institute of International Affairs), 1989, 119 pp. $14.95 (paper).

Nothing is altogether final in international finance. Disappointment with floating rates has revived interest in old ideas for obtaining greater stability. With authority and subtlety, Professor Kenen of Princeton examines alternatives and looks hard at the requirements for success. Leaving major reforms to the future, he recommends governmental agreements that are clearer and firmer than recent "informal" understandings and that establish bands within which rates can move and major expansion of the reserves that can be drawn on to intervene in the market.

THE ROAD TO ECONOMIC RECOVERY: REPORT OF THE TWENTIETH CENTURY FUND TASK FORCE ON INTERNATIONAL DEBT. New York: Priority Press, 1989, 123 pp. $9.95 (paper).

To end muddling through, which will make the debt crisis more troublesome and difficult to deal with, the skilled members of this task force, of mixed backgrounds, more or less agree on a series of measures by debtors and creditors that will reduce the burdens and get both trade and finance flowing again. Although the analysis is crystal clear, some of the proposals are a bit fuzzy. The background paper by Rudiger Dornbusch has many good, sharp comments on the complex situation.

THE NEW REALITIES. By Peter F. Drucker. New York: Harper & Row, 1989, 288 pp. $19.95.

A book that says "we are well advanced" into the next century is apt to contain other sweeping statements, and Professor Drucker's latest meets that expectation. With the help of some idiosyncratic history, he pushes to extremes some familiar ideas about the end of ideology, the burden of arms and the limits of government. He puzzles the reader by insisting that no one believes anymore in "salvation by society" while finding great promise in "a pluralism of single-purpose organizations." As always, Drucker is provocative and adept at using data to upset accepted ideas. He is at his best when dealing with matters of organization, management and the inadequacy of mainstream economics.

POLITICS AND PRODUCTIVITY: HOW JAPAN'S DEVELOPMENT STRATEGY WORKS. Edited by Chalmers Johnson, Laura D'Andrea Tyson and John Zysman. Cambridge: Ballinger, 1989, 332 pp.

What more can be learned from yet another book about Japanese industrial policy? This one does well by explaining how the Japanese "developmental" approach blends protection, targeting and "controlled competition." Case studies of telecommunications, semiconductors and aircraft show how policy has been shaped by politics, bureaucracy and the network of relations among Japanese businessmen. The authors make a good case for the view that "development policy continues" and is carried out through selective governmental intervention that combines promo-

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tional policies with "a loving band of protectionism" for important emerging and declining sectors.

DEVELOPMENT AID AND HUMAN RIGHTS. By Katarina Tomasevski. New York: St. Martin's, 1989, 205 pp. $39.95.

"Human rights ought to be incorporated in development aid to prevent it from becoming part of the problem it purports to solve." That attractive idea is pursued in this book in a series of uneven chapters that sometimes only scratch the surface of very complex matters, but occasionally dig deep and are always spirited. Some of the most valuable sections show how irregularly the goal is pursued by national donors, the World Bank and the United Nations. The author, who has law degrees from Harvard and Zagreb universities, wrote under the auspices of the Danish Center for Human Rights.

LIBERALIZING TRADE IN SERVICES: STRATEGIES FOR SUCCESS. By Phedon Nicolaides. New York: Council on Foreign Relations Press (for the Royal Institute of International Affairs), 1989, 119 pp. $14.95 (paper).

Rejecting loose comparisons with international trade in goods, this interesting study stresses the special characteristics of international service activities and the complexities of liberalizing regulated industries. Mr. Nicolaides of Chatham House is critical of the European Community's efforts to combine liberalization with the harmonization of national measures. He gives a good account of how service issues have been handled in GATT, shows why developing countries have a serious interest in taking part in such negotiations and recommends for all countries that "foreign service-providers should be treated in the same manner as domestic providers."

LINKAGE OR BONDAGE: U.S. ECONOMIC RELATIONS WITH THE ASEAN REGION. By Hans H. Indorf and Patrick M. Mayerchak. Westport (Conn.): Greenwood Press, 1989, 149 pp. $35.95.

"Given the present conditions, it seems unlikely that ASEAN as a regional organization can assist the process of national development." Nevertheless, say these two specialists in southeast Asia, the United States ought to be more responsive to the problems of the region, even if many have to be dealt with bilaterally. They are none too hopeful about what this country will do and provide a cooler assessment of the data than one often finds in the discussion of these issues.

CHINA'S ECONOMIC OPENING TO THE OUTSIDE WORLD. By Jonathan R. Woetzel. New York: Praeger, 1989, 208 pp. $45.00.

Against a strong historical background, Dr. Woetzel, a consultant to McKinsey's Hong Kong office, shows how the ups and downs of the new openings in trade and investment are intimately linked to divided counsels, interests and practices among the Chinese. He has interesting interview material on Western ventures and concluded—before the events of May and June 1989—that the challenge for the new line in external relations "is to promote change without turbulence."

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MARKET REFORMS IN SOCIALIST SOCIETIES: COMPARING CHINA AND HUNGARY. Edited by Peter Van Ness. Boulder (Colo.): Lynne Rienner, 1989, 322 pp. $23.50.

"What communist-party states lack is a political process capable of fully implementing market reforms." Around this thought, Professor Van Ness of the University of Denver has grouped 14 papers by Chinese, Hungarian and American scholars. The results are uneven and there is, not surprisingly, less emphasis than one would like on the odd but intriguing comparison of the Asian giant and the small European state. The high points are the editor's introduction, which makes sense of the whole enterprise, and Janos Kornai's masterful summary of his country's experience.

The United States

Gaddis Smith

BARBARIAN SENTIMENTS: HOW THE AMERICAN CENTURY ENDS. By William Pfaff. New York: Hill and Wang, 1989, 198 pp. $19.95.

This provocative and sophisticated meditation on America's relationship to the world over the past 50 years stresses self-delusion and "intellectual confusion." Mr. Pfaff concludes that in order to get our internal intellectual, moral and material affairs in order, "isolation could be good for the country."

THE DEMOCRATIC IMPERATIVE: EXPORTING THE AMERICAN REVOLUTION. By Gregory A. Fossedal. New York: Basic Books, 1989, 304 pp. $19.95.

Were there an award for a book that best expresses the goals of foreign policy as Ronald Reagan wanted them expressed during his presidency (as opposed to how foreign policy was actually carried out), this book would win. The author calls for bold, unapologetic activism in promoting democracy—for example, a more energetic use of radio broadcasting, a willingness to employ economic sanctions, and lowered inhibitions on supporting armed conflict as in Nicaragua.

AMERICA'S GLOBAL INTERESTS: A NEW AGENDA. Edited by Edward K. Hamilton. New York: Norton/The American Assembly, 1989, 357 pp. $19.95.

These papers by senior and well-known figures from the academic and government worlds, ranging ideologically from the center to the right, were prepared for an American Assembly conference last fall. They are emblematic of the widespread but still poorly focused effort throughout the United States to recognize and define new issues and opportunities for American foreign policy in a world being rearranged by Gorbachev's initiatives and other forces. The emphasis is primarily on economic rather than military challenges. Attention to environmental issues is thin and ritualistic.

NEST OF SPIES: AMERICA'S JOURNEY TO DISASTER IN IRAN. By Amir Taheri. New York: Pantheon, 1989, 314 pp. $19.95.

The author, editor in chief of Tehran's largest daily newspaper from 1973 to 1979, brings an understanding of Iranian culture and politics

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(lacking in even the best accounts by Americans) to this very good account of the interaction of Iran and the United States from the 1950s to the present. Although he is no friend of the Iranian Revolution, his judgments are fair and well documented; he makes particularly good use of the thousands of American diplomatic documents published by Iran after the seizure of the embassy in Teheran.

LYNDON JOHNSON'S WAR. By Larry Berman. New York: Norton, 1989, 254 pp. $18.95.

This richly documented sequel to the author's *Planning A Tragedy* presents a devastating picture of Lyndon Johnson victimized by sycophantic advisers, of pressure from the American military almost amounting to blackmail and of the president's own intellectual limitations. An essential volume for any collection on the history of the Vietnam War.

"A NEW KIND OF WAR": AMERICA'S GLOBAL STRATEGY AND THE TRUMAN DOCTRINE IN GREECE. By Howard Jones. New York: Oxford, 1989, 327 pp. $34.50.

The research for this detailed study of how the Truman Doctrine was implemented in Greece is thorough and original, especially on the role of American military advisers. The tone is approving and reminiscent of the early cold war.

HENRY KISSINGER AND THE AMERICAN APPROACH TO FOREIGN POLICY. By Gregory D. Cleva. Lewisburg (Pa.): Bucknell University Press, 1989, 280 pp. $39.50.

A somewhat awestruck analysis of Henry Kissinger's philosophy of history and the connections between his academic writing and his statecraft. A skeptic could question whether either side of the equation was quite as systematic and carefully articulated as the author maintains; nevertheless, this is a solid and serious study.

GEORGE C. MARSHALL: SOLDIER-STATESMAN OF THE AMERICAN CENTURY. By Mark A. Stoler. Boston: Twayne, 1989, 252 pp. $24.95.

This is a useful volume for those who lack the time to read all four volumes of Forrest Pogue's biography. Stoler, like Pogue and almost every other commentator, depicts Marshall as godlike. Indeed he was a man of unchallenged personal integrity, devotion to the nation, administrative genius and sensitivity to the role of the military in a democracy. But he comes through the pages of history as so flawless as to be uninteresting. There is a need for a critical study—not an *ad hominem* attack, but one that questions the received wisdom.

SKETCHES FROM A LIFE. By George F. Kennan. New York: Pantheon, 1989, 365 pp. $22.95.

These selections from the author's journals over a 61-year period (1927–1988) deal with landscape and culture in Europe and America and Mr. Kennan's private reflections thereon—not with the political and diplomatic issues with which he is so prominently identified. There are passages of haunting beauty and sadness and throughout a sense of loss for a powerfully imagined older and better world. Who in this century has written so much, of such quality, over so long a period of time?

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KENNAN AND THE ART OF FOREIGN POLICY. By Anders Stephanson. Cambridge: Harvard University Press, 1989, 380 pp. $35.00.

This is an intellectually spectacular and original deconstruction of George Kennan's thought, employing techniques of modern philosophical and literary analysis combined with a sound knowledge of political events, an impressive book that defies easy categorization. In one sense the author's criticism is unfair because Kennan's "texts"—diplomatic dispatches, books and articles—were not written as formal philosophical thought; yet Mr. Stephanson forces the reader to ask hard questions about the contradictions and incoherence of diplomatic argument. Not for casual reading.

THE UNITED STATES AND JAPAN IN THE POSTWAR WORLD. Edited by Akira Iriye and Warren I. Cohen. Lexington: University Press of Kentucky, 1989, 237 pp. $27.00.

Contributions of uneven quality to the history of Japanese-American relations since 1945 by scholars from both countries. The essays on the shifting economic relationship are, on the whole, better than those on political relations. The whole subject is in need of detailed and systematic historical treatment.

THE STORM BIRDS: SOVIET POSTWAR DEFECTORS. By Gordon Brook-Shepherd. New York: Weidenfeld and Nicolson, 1989, 386 pp. $19.95.

A well-written compendium of the major cases of Soviet government employees and officials defecting to the West, from Igor Gouzenko in 1945 down to the 1980s. The author stresses the great range of political and personal circumstances behind the defections.

THE WAGES OF WAR: WHEN AMERICAN SOLDIERS CAME HOME—FROM VALLEY FORGE TO VIETNAM. By Richard Severo and Lewis Milford. New York: Simon and Schuster, 1989, 495 pp. $21.95.

The argument of this interesting, if one-sided, history is that the U.S. government, which means the American people, has consistently failed to treat soldiers and veterans equitably. A useful handbook for veterans' protests.

The Western Hemisphere

Abraham F. Lowenthal

DEBT AND DEMOCRACY IN LATIN AMERICA. By Barbara Stallings and Robert Kaufman. Boulder (Colo.): Westview, 1989, 232 pp. $29.00 (paper, $14.95).

Latin America during the 1980s experienced the apparent paradox of political opening toward democracy in the midst of drastic economic downturn. This path-breaking volume, a collection of essays by several established scholars and a few younger specialists, is the first to examine systematically the two-way relationship between political regimes and economic policies during this period. Individual chapters take up key actors and major cases, as well as the longer-term pattern of interplay between democratic politics and economic policy. The co-editors' final essay argues that non-military political regimes have played an important role in shaping the response of

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Latin American countries to the economic crisis of the 1980s, and that there has also been a correlation, albeit weaker, between regime type and economic performance. However, the essay also suggests that prolonged deprivation in Latin America will not necessarily erode political democracy in the period ahead.

SOCIAL CHANGE IN BRAZIL, 1945–1985: THE INCOMPLETE TRANSITION. Edited by Edmar L. Bacha and Herbert S. Klein. Albuquerque: University of New Mexico, 1989, 346 pp. $22.50 (paper).

Fourteen leading authorities, most of them Brazilians, document the massive demographic, social and economic transformations that occurred in Brazil in the four decades following World War II and focus on the shortcomings and limits of Brazil's "incomplete transition" to modernity. Although Brazil is among the ten most industrialized nations in the world today, there still exist rural areas with mortality rates like those of traditional backward societies. Although Brazil has the second-most advanced university and scientific research system of the Third World, 25 percent of the nation's population remains illiterate. Social and geographic mobility is extensive and rapid, but the nation still has one of the highest indices of inequality of income and wealth. This extremely valuable translation of a volume originally published in Brazil in 1986 is chock-full of illuminating data and helpful analysis.

ELECTIONS AND DEMOCRACY IN CENTRAL AMERICA. Edited by John A. Booth and Mitchell A. Seligson. Chapel Hill: University of North Carolina, 1989, 214 pp. $29.95 (paper, $10.95).

During the Reagan years, Washington officials trumpeted the emergence of democracy in Central America, and contrasted the four supposedly democratic nations (Costa Rica, El Salvador, Guatemala and Honduras) with what they portrayed as Nicaragua's "totalitarian dungeon." In this edited volume, eight experienced specialists on Central America paint a different and far more complex picture. The elections held under strong U.S. pressure in Central America during the 1980s "cannot by any reasonable standard be called democratic," for unchanged structures of domination persist. Nicaragua, meanwhile, has been conducting a unique effort to carry out revolutionary changes in society while retaining a pluralistic political system, with independently organized political interests and with opposition parties competing in elections and represented in the legislature. A valuable effort to probe beneath rhetoric and polemic to examine the realities of Central American politics.

EUROPEAN SOCIALISM AND THE CONFLICT IN CENTRAL AMERICA. By Eusebio M. Mujal-Leon. New York: Praeger, 1989, 127 pp. $32.95 (paper, $12.95).

This useful study surveys the reasons for and the modalities of European Socialist involvement in Central America's conflicts during the 1970s and early 1980s. Differences are noted from party to party and from country to country, but in general Eurosocialist engagement has passed through three phases: unbridled optimism and intense involvement in 1978–81; reduced activism from 1982–1986 as disenchantment with the Sandinistas grew and the Reagan Administration pushed for a change in European policies; and renewed activism and intensified engagement in support of

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negotiations from 1986–1989. Although European Socialist parties are still interested in Central America, "there is little evidence that either individual European countries (where the Socialists rule or have significant influence) or the European Community are willing to bridge the gap between rhetoric and action by providing substantial development assistance for the region or according its exports preferential treatment."

THE MEXICANS: A PERSONAL PORTRAIT OF A PEOPLE. By Patrick Oster. New York: William Morrow, 1989, 334 pp. $19.95.

An accomplished journalist with little previous exposure to Mexico, Oster used his assignment as Mexico City bureau chief for the Knight-Ridder newspaper chain during the 1980s to collect impressions and vignettes about the kinds of people that neither U.S. officials nor tourists are likely to meet: a garbage picker, a cop, a homosexual, a barrio doctor, a feminist and even one of the children of Sanchez—the Mexican family made famous by Oscar Lewis' classic. Oster's portrait of these and other Mexicans vividly captures many facets of the country's life. A worthy complement to Alan Riding's *Distant Neighbors*.

THE POVERTY OF REVOLUTION: THE STATE AND THE URBAN POOR IN MEXICO. By Susan Eckstein. Princeton: Princeton University Press, 1988, 330 pp. $45.00 (paper, $15.95).

This new edition of the standard work on urban poverty and politics in Mexico is worth noting because of the author's extensive new epilogue, analyzing how Mexican urban groups responded to the devastating earthquake of 1985. Mexico's urban poor were not hopeless, apathetic or despair-ridden but creative, innovative and well organized.

THE RAINY SEASON: HAITI SINCE DUVALIER. By Amy Wilentz. New York: Simon and Schuster, 1989, 427 pp. $19.95.

In 1986 Amy Wilentz arrived in Port-au-Prince, in the middle of a popular revolution, with vague notions of writing a small story about Haiti; she ended up producing a great book on a country to which few people have paid much attention since the ousting of "Baby Doc" Duvalier. While other reporters lost interest, Wilentz kept returning, learning the language, befriending the people and always maintaining a sharp and ironic eye for the nuances of life in Haiti. The result is this excellent book, written with style and wit, which traces, among other things, the failure of democracy, the importance of voodoo in the country's society and politics, and the lone courage of a rebel-priest who believed in the infallibility of both Jesus and the poor people of Haiti. Patricia Lee Dorff

Western Europe

Fritz Stern

GERMANY, AMERICA, EUROPE: FORTY YEARS OF GERMAN FOREIGN POLICY. By Wolfram F. Hanrieder. New Haven: Yale University Press, 1989, 509 pp. $29.95.

A major work on German policies, at once analytical, historical and, in the epilogue, modestly prescriptive. The title announces a major theme: Bonn's need to maintain Atlantic and European allegiances, even when

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these were or are at odds with each other. Hanrieder, a political scientist and author of earlier works on German foreign policy, argues that U.S. policy has been one of double containment: by deterrence vis-à-vis the Soviets and by embrace vis-à-vis the Germans. The spectacular recovery of the Federal Republic in the last 40 years and the present quandary of "whither a mature Germany" are fully explored, with a remarkable command of published sources. The treatment is thematic and thus compartmentalized; not an easy book but a rewarding one, especially for alliance specialists.

THE UNMASTERABLE PAST: HISTORY, HOLOCAUST, AND GERMAN NATIONAL IDENTITY. By Charles S. Maier. Cambridge: Harvard University Press, 1988, 227 pp.

The continuing debate about the German past, the various attempts to interpret, relativize or distort it, remains a seismograph of Germany's political culture. Maier, a Harvard historian, sets the recent debate about the past among German scholars and publicists in an admirably comprehensive context, beginning with what he calls "Bitburg history," President Reagan's complicity in establishing a murky mixture of amnesia and denial. Maier explicates a debate that in itself had deeper political significance than intellectual distinction. A judicious and suggestive work, of value not only to historians and Germanists but to anyone concerned with issues of national memory and identity.

THE U.S. WAR CRIMES TRIAL PROGRAM IN GERMANY, 1946–1955. By Frank M. Buscher. Westport (Conn.): Greenwood Press, 1989, 197 pp. $39.95.

An important study of a neglected subject: American efforts immediately after the war to punish Nazis found guilty of atrocities and thus to enlighten Germans about past crimes. The book, based on much unpublished material, depicts the opposition in Washington and among Germans to these policies and the gradual enfeeblement of the program. The opposition to American trials centered in the German elites, including the Christian churches. A disturbing monograph, a brief contribution to the history of America's role in the early years of postwar Germany.

NAPOLEON AND HITLER: A COMPARATIVE BIOGRAPHY. By Desmond Seward. New York: Viking, 1989, 319 pp. $19.95.

A popular retelling of two lives whose superficial similarities hardly warrant this dual biography *cum* comparative asides. Heavy on military history, with the ghost of Clausewitz as some *deus ex machina* to link the two men. A facile effort—I, admittedly, find the linkage itself repugnant.

COMMUNIST PARTIES IN WESTERN EUROPE: DECLINE OR ADAPTATION? Edited by Michael Waller and Meindert Fennema. New York: Basil Blackwell, 1988, 284 pp. $49.95.

A book by many hands of various nationalities, dealing with the fate of Communist parties in the post-Stalinist era. A major theme is the role of "democratic centralism," a hallmark of Communist orthodoxy, often a bulwark against change and adaptation. Some of the authors are or were members of the party, others experienced analysts of aspects of communism. A survey of the individual parties, all of which are in varying stages of decline, mostly written before the rise of Gorbachev.

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EUROPE, EUROPE: FORAYS INTO A CONTINENT. By Hans Magnus Enzensberger. New York: Pantheon, 1989, 326 pp. $18.95.

A distinguished German writer collects pieces of political-cultural travelogues composed over the past seven years covering various European countries, East and West. Uneven accounts, some memorable vignettes, some amusing badinage, as when a Hungarian Communist tells him: "The Party is our social escalator, better than the Harvard Business School."

MEMORIES AND ADVENTURES. By Winston S. Churchill. New York: Weidenfeld and Nicolson, 1989, 272 pp. $19.95.

His adventures—not negligible, but hardly worth recording except for the great gift bestowed on him: a famous, loving grandfather whose presence eased the author's path and enlivens the book. Echoes of the great man, as in the grandson's reporting of the Six Day War. He finally made it to the House of Commons.

LA PISCINE: THE FRENCH SECRET SERVICE SINCE 1944. By Roger Faligot and Pascal Krop. New York: Basil Blackwell, 1989, 344 pp. $24.95.

An anecdotal account of the French secret service by two French journalists. The English translation carries the story to the sinking of the *Rainbow Warrior* in Auckland Harbor.

The Soviet Union and Eastern Europe

John C. Campbell

THE LONG ROAD TO FREEDOM: RUSSIA AND GLASNOST. By Walter Laqueur. New York: Scribners, 1989, 325 pp. $21.95.

The reader is well served by the author's confining himself to one aspect of the Gorbachev revolution, glasnost, for it enables him to go more deeply than other studies have into the effects of the new openness on various sectors of the establishment and of Soviet society. It is done with Laqueur's customary breadth of historical perspective, reaching back into the Russian past, and with his understanding of the role of the intelligentsia and of cultural change. Recent revelations and the new freedom of expression have at times been breathtaking, but Laqueur rightly stresses the limits of the process; in Gorbachev's words, it is "glasnost in the interest of socialism."

PUBLIC AND PRIVATE LIFE OF THE SOVIET PEOPLE: CHANGING VALUES IN POST-STALIN RUSSIA. By Vladimir Shlapentokh. New York: Oxford, 1989, 281 pp. $24.95.

A sociologist's study loaded with citations and statistics may be of interest primarily to other sociologists, but this survey of Soviet society from the end of Stalin's era to the beginning of Gorbachev's has special significance in documenting the shift in attitudes toward privatization and consumerism that underlies much of what is happening today. One interesting point is that in foreign policy and defense, in contrast to domestic matters, there has been very little change in the people's acceptance of the official line, whatever it may be at any given time. The author, who worked in the Soviet academic establishment until he emigrated in 1979, is thoroughly acquainted with the voluminous Soviet material, especially polling results, on which this work is based.

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BEYOND GLASNOST: THE POST-TOTALITARIAN MIND. By Jeffrey C. Goldfarb. Chicago: University of Chicago Press, 1989, 248 pp. $24.95.

Professor Goldfarb offers a clinical study of the nature of totalitarianism, which took classic form in the Stalinist state and has now evolved into the "neototalitarian" system prevailing in the U.S.S.R. and some states of Eastern Europe. Nothing very novel here, but it is logically and completely done. The real contribution of the book lies in its description of the "post-totalitarian" phenomena that have sprung up in the autonomous culture and political thought and action outside the system. The prime examples are taken from, but not limited to, Poland. They illuminate the contemporary scene and offer hope for the future.

GORBACHEV'S RUSSIA. By Basile Kerblay. New York: Pantheon, 1989, 175 pp. $9.95 (paper).

PERESTROIKA IN PERSPECTIVE. By Padma Desai. Princeton: Princeton University Press, 1989, 138 pp. $14.95.

Both books give proof that a skillful professional scholar can present for the general reader, in brief compass, the essence of the crisis of the Soviet system and Gorbachev's campaign to meet and overcome it. Kerblay, a sociologist, and Desai, an economist, both go beyond their own disciplines to measure the full scope of the changes being brought about by revolution from above and by pressures and resistance from below. In each case the coverage includes the party conference of June 1988.

SOVIET FREEDOM: NEW PERSPECTIVES ON GORBACHEV. By Anthony Barnett. London: Hutchinson Radius/New York: Norton, 1989, 344 pp. $21.95.

This is a book on Gorbachev's Russia like no other, a mélange of facts, anecdotes, impressions, personal opinions, conversations and some (strained) comparisons between the U.S.S.R. and Britain. Barnett is a leftist British journalist and editor reporting on his first visit to the Soviet Union. The style is jaunty, the observations vivid, the philosophizing somewhat pretentious but not without interest.

THE DECEPTIVE LURE OF DETENTE. By Marian Leighton. New York: St. Martin's, 1989, 260 pp. $35.00.

Lest we sacrifice Western security and vital interests on the altar of détente, Marian Leighton, who works in the U.S. Defense Department, calls attention to the unchanging character of Soviet aims (global hegemony) and to the ways in which periods of détente in the past have been turned to Soviet advantage. This is an uncompromising hard-line book in which Henry Kissinger, Zbigniew Brzezinski and in some instances even Ronald Reagan appear as dupes of the Kremlin. Developments in the Gorbachev era inevitably raise the question of whether these interpretations are still valid. In a brief epilogue the author assures us that they are.

CENTRAL AND EASTERN EUROPE: THE OPENING CURTAIN. Edited by William E. Griffith. Boulder (Colo.): Westview Press, 1989, 458 pp. $35.00 (paper, $16.95).

Professor Griffith has assembled a battery of experts to produce an immensely informative and valuable book. It stands alongside, and in some

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respects overlaps, the earlier volume by J. F. Brown (*Eastern Europe and Communist Rule*, noted in *Foreign Affairs*, Summer 1988). It combines studies of individual countries and broader international topics. A sampling of the names of authors—Seweryn Bialer, J. F. Brown, Paul Marer, Sarah Terry, Charles Gati, Gordon Skilling—gives an idea of the quality of the work, as also of the lines of argument, since they have all already written extensively in the field. Whatever may happen in the region, anticipated or not, the necessary background is here in this one volume.

CONSCIENCE AND CAPTIVITY: RELIGION IN EASTERN EUROPE. By Janice Brown. Washington: Ethics and Public Policy Center, 1988, 376 pp. $37.50 (paper, $19.95).

The plight of Christians and their churches in eight East European countries is described with sympathy and concern. The author does not go deeply into history or politics but is well aware of both. In essence the book is a compendium of information, country by country and up to date, and therefore most useful for background and reference.

MAD DREAMS, SAVING GRACES: POLAND, A NATION IN CONSPIRACY. By Michael T. Kaufman. New York: Random House, 1989, 288 pp. $19.95.

Correspondent for *The New York Times* in Poland from 1984 to 1987, Kaufman made a fine record of reporting that was factual and objective and at the same time imaginative. His family background and fluency in Polish undoubtedly helped him to penetrate beneath the surface of Polish life. Those same qualities and advantages infuse his new book, but here he is more reflective, more engaged, more personal in recounting and assessing his own experience, neither hiding his own sympathies (for Solidarity and the ordinary people) nor losing his objectivity.

POLAND'S SECRET ENVOY, 1939–1945. By George "Jur" Lerski. New York: Bicentennial, 1988, 278 pp.

Memoirs of an officer who served the Polish London government during World War II, undertook a risky mission to the underground "state" and army in the home country in 1943 and then, back in London, became secretary to Tomasz Arciszewski, the last prime minister. It is for the most part an adventure story, but one that also makes a contribution to the history of the politics and diplomacy of the Polish government in exile.

WITH STALIN AGAINST TITO: COMINFORMIST SPLITS IN YUGOSLAV COMMUNISM. By Ivo Banac. Ithaca (N.Y.): Cornell University Press, 1988, 294 pp. $32.50.

This book tells the little known story of the Yugoslav Communists who took Stalin's side in the 1948 break. They never mounted a serious threat to Tito, though they paid a heavy price in the brutal treatment meted out to them by Tito's security men. But there is much more. Banac goes into the history of the Yugoslav Communist movement from its beginnings, showing how ideological issues and factional splits were intertwined with the nationality and social problems that were the stuff of Balkan politics. A rich banquet for those addicted to this kind of fare.

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THE IMPROBABLE SURVIVOR: YUGOSLAVIA AND ITS PROBLEMS, 1918–1988. By Stevan K. Pavlowitch. Columbus: Ohio State University Press, 1989, 167 pp. $25.00.

A British professor of Yugoslav origin provides a thumbnail history of the South Slav state in topical and thematic rather than chronological format. While it may be a bit cursory and disjointed for the general reader and the material overly familiar to the specialist, it has some notable merits, such as the emphasis on the persistence of certain trends and problems throughout the entire period of the monarchy and the communist state, the perspective on the complex nationalities question and a review of recent historical work that has opened windows on the past. The author's own analysis of the present crisis of Titoism is worth thoughtful consideration by all, in Yugoslavia and elsewhere, who have an interest and stake in the future of the country.

YUGOSLAVIA IN CRISIS. By Harold Lydall. New York: Oxford, 1989, 255 pp. $49.95.

Taking off from his *Yugoslav Socialism: Theory and Practice* (noted in *Foreign Affairs*, Fall 1987), which showed how badly the Yugoslav economy was working, Lydall now describes the further deterioration of the situation to the point of acute crisis. Socialist self-management and Yugoslav federalism, both admirable in theory, have created a "monstrous amalgam" resulting in enormous waste of human and material resources. The author examines the system coolly and carefully and cites many Yugoslav critics of its various aspects but sees little prospect of the basic changes that are clearly necessary.

The Middle East

John C. Campbell

ASAD: THE STRUGGLE FOR THE MIDDLE EAST. By Patrick Seale. Berkeley: University of California Press, 1989, 552 pp. $25.00.

More than a biography, Patrick Seale's work constitutes a running account of Syrian domestic and foreign affairs (with the accent on the latter) over the past three decades. Because his knowledge of the subject is unmatched among Western experts, and because there is much to tell that was previously not or not completely known, the book should have a wide reading. It is "not an official biography," although the most important of its sources are the author's many conversations with Assad over the years. It is sympathetic in the sense that it presents the Syrian leader largely in his own terms, as a patriot and a defender of Arab rights and interests, seeking to correct widely accepted versions of events put out by those (such as Henry Kissinger and Anwar Sadat) who opposed, deceived or betrayed him; and if he engaged in terrorism and dirty tricks, that is an accepted extension of diplomacy in the Middle East.

EGYPT AFTER NASSER: SADAT, PEACE AND THE MIRAGE OF PROSPERITY. By Thomas W. Lippman. New York: Paragon House, 1989, 275 pp. $22.95.

The author, who spent most of the years of Sadat's presidency as correspondent of *The Washington Post* in Cairo, writes not just as an observer

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of the passing scene but as a keen political analyst judging the successes and failures of Sadat and Mubarak and exploring the underlying problems for which neither leader had or could have satisfactory answers. The book is excellent in bringing to life the sounds, smells and teeming humanity of Cairo, the persisting appeal of Islam as other ideologies are seen to fail, and the bleak economic outlook for the long term.

REPUBLIC OF FEAR: THE POLITICS OF MODERN IRAQ. By Samir al-Khalil. Berkeley: University of California Press, 1989, 327 pp. $25.00.

This is a detailed and involved account of the rise of the ideology of the Baath party, its coming to power in Iraq in the 1960s, and the ways in which it has become a regime of totalitarian rule, institutionalized violence, universal fear and unchecked personal dictatorship. The ultimate madness was the Iraq-Iran War, but that was a logical outcome of Saddam Hussein's system. An unusual, powerful and disturbing book. The author, who writes under a pseudonym, is an Iraqi expatriate.

IMAGES OF THE WEST. By David C. Gordon. Savage (Md.): Rowman & Littlefield, 1989, 214 pp.

The author's approach embraces the entire Third World, but most of his material comes from the lands of Islam. The subject—reaction to the West's political and cultural dominance, whether by imitation, repudiation, return to native traditions, or by some combination or mixture of those—has spawned an extensive literature, evident in the book's bibliography. Gordon brings it all together, sorts out the key issues and adds some carefully couched views of his own. Loaded with references and statements of other scholars, the book will have particular appeal to an academic audience.

LES PALESTINIENS DE L'ÎNTERIEUR. Edited by Camille Mansour. Washington: Revue d'études Palestiniennes, 1989, 291 pp.

Largely written before the uprising of 1987–89, these essays give a clear picture of why, in the view of Palestinian nationalists, it happened, and why it continues despite Israel's efforts to suppress it. Written by Palestinian scholars, some from institutions in the West Bank, some now residing abroad, they deal with political, economic and social conditions in all parts of the "interior": the West Bank, Gaza, East Jerusalem and Israel proper. The work is descriptive and, as one might expect, polemical, an indictment of Israeli policies aimed at control, colonization and annexation.

PALESTINIANS UNDER OCCUPATION: PROSPECTS FOR THE FUTURE. Edited by Peter E. Krogh and Mary C. McDavid. Washington: Georgetown University Center for Contemporary Arab Studies, 1989, 121 pp. $9.75.

Essays on the past, present and future of the Palestinian Arabs, presented in honor of the late Zafer al-Masri, the mayor of Nablus assassinated in 1986. The content and tone are sympathetic to the Palestinian cause, moderate rather than polemical, directed toward a negotiated peace with Israel rather than unending conflict or total victory. Contributors include Hazem Zaki Nuseibeh, former Jordanian foreign minister, and ex-Senator Charles McC. Mathias, Jr., of Maryland. Ann Lesch provides a clear and succinct account of the first year of the *intifadeh*.

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OCCUPIER'S LAW: ISRAEL AND THE WEST BANK. By Raja Shehadeh. Washington: Institute for Palestine Studies, 1989, 259 pp. $17.95 (paper, $9.95).

Shehadeh is a practicing Palestinian lawyer who has paid special attention to questions of human rights and to the legal situation in the West Bank, which is one of great complexity, what with still valid Ottoman, British and Jordanian laws and precedents, the relevant Geneva conventions, Israeli military orders and the special status of Israeli settlers. With dry precision and in great detail the author sets out the law and the facts, but his outlook and conclusions are broadly political: Israeli policies of injustice and repression made the Palestinian uprising inevitable and must be changed if the two peoples are to find the way to coexistence.

Asia and the Pacific

Donald S. Zagoria

CRISIS AND COMPENSATION: PUBLIC POLICY AND POLITICAL STABILITY IN JAPAN, 1949–1986. By Kent E. Calder. Princeton: Princeton University Press, 1988, 572 pp.

This book, historically dense and conceptually rich, is a complex analysis of what Calder calls Japan's "bifurcated" political economy, in which a protected domestic sector coexists with a highly competitive and dynamic export sector. The high visibility of the large industrial groups conceals the fact that three-quarters of the Japanese work force is employed by firms of fewer than 30 employees. The heart of Calder's thesis is that Japanese policymakers react to threats to the ruling party's preeminence, i.e., crises, by extending income compensation, entitlements and subsidies. Domestic political crisis provokes or accelerates welfare-oriented policies. Market-oriented retrenchment comes as a crisis subsides. Thus import expansion, which threatens small domestic firms, is going to be politically difficult. Turning to defense, Calder concludes that defense budgets are low because counterpressures from agriculture, public works and other "grass roots oriented" sectors have been so strong; the Defense Agency has little status and the conflicting objectives of defense-related interest groups and the lack of clear-cut, generally accepted military objectives have made it difficult to resist those counterpressures. Whether or not one agrees with all of Calder's conclusions, the outstanding merit of this book is in forcing readers' attention to the domestic underpinnings of Japanese foreign policy.

THE SOVIET UNION AND NORTHEAST ASIA. By Herbert J. Ellison. New York: The Asia Society/Washington: University Press of America, 1989, 64 pp. $6.50 (paper).

ASIAN POLICY: THE NEW SOVIET CHALLENGE IN THE PACIFIC. By Robert A. Manning. New York: Priority Press, 1988, 150 pp. (Boston: Unwin Hyman, distributor, $18.95). A Twentieth Century Fund Paper.

These two monographs provide a good account of recent Soviet initiatives in East Asia. Ellison concludes that Gorbachev has demonstrated a clear understanding of past Soviet failings in the region and a good sense of the improvement that can be made. The Sino-Soviet summit is impressive evidence of the effectiveness of recent Soviet policies. Manning concludes that Moscow's newly asserted status as a Pacific power is not necessarily a

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loss for the United States, and that Washington should help define the terms of Soviet participation in the Pacific. Thus far, he contends, Washington has been too reactive and defensive in the Pacific, failing to offer its own agenda.

THE SOVIET UNION AND INDIA. By Peter J. S. Duncan. New York: Council on Foreign Relations Press (for the Royal Institute of International Affairs), 1989, 150 pp. $14.95 (paper).

The author, a professor at the School of Slavonic and East European Studies at London University, identifies several sources of change in the Soviet-Indian relationship, including the Sino-Soviet rapprochement, the Soviet withdrawal from Afghanistan and Gorbachev's "new thinking," which emphasizes international cooperation for peaceful settlement of disputes. On the Indian side he sees two important changes: a new generation of leaders, including Rajiv Gandhi, himself oriented to the West in tastes and technological interests, and the shifts in the needs of India's economy that seem to dictate closer economic links to the West and Japan. He concludes, however, that both Moscow and New Delhi have invested so much in their relationship that they will probably be unwilling to allow any significant diminution. Nonetheless, Western countries "should see it as being in their interests to consider more carefully India's concerns."

KOREA-U.S. RELATIONS: THE POLITICS OF TRADE AND SECURITY. Edited by Robert A. Scalapino and Hongkoo Lee. Berkeley: Institute of East Asian Studies, University of California, 1989, 256 pp. $17.00 (paper).

This volume, another in the University of California's prolific series of conference volumes on contemporary East Asia, contains the reflections of 17 American and South Korean specialists on the bilateral relationship between the two countries. For the wealth of information and insights on the relationship it has few, if any, rivals. One of the most thoughtful contributions comes from Sang-Woo Rhee, a professor at Sogang University and a specialist on the R.O.K. military. Rhee contends that South Korea's deterrence capability against North Korea is weakened by the disproportionately small size of South Korea's air force and navy. This is because the United States deliberately programmed its military aid in such a way as to make South Korean armed forces "structurally dependent" on the United States—a strategy designed, according to Rhee, to achieve two goals: deter a North Korean invasion and prevent any possible attempt by South Korea to pose a military threat to the North. The South Korean desire to "reclaim autonomy" in deterrence capability would require a stronger intelligence-gathering network along with a stronger air and naval force, a self-reliant logistics program and a reassertion of full operational control of its military command. U.S. policymakers, he says, need to acknowledge the changed state of affairs between the two allies.

US-ASEAN SECURITY RELATIONS: CHALLENGES AND PROSPECTS. By Muthiah Alagappa. Kuala Lumpur: Malaysian Institute of Strategic and International Studies, 1989, 35 pp.

This monograph provides a balanced overview of U.S.-ASEAN security relations. Alagappa, a senior fellow at ISIS and a former officer in the Malaysian armed forces, provides a useful discussion of the Philippine bases

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issue and a sensible conclusion that advises the United States to adopt a more positive approach toward ZOPFAN, the still rather vague ASEAN notion of a zone of peace, freedom and neutrality in Southeast Asia. Alagappa contends that the United States can influence the development of this notion to secure U.S. interests because it is thought of as a process and not as a goal to be achieved quickly.

U.S.-JAPAN RELATIONS: AN AGENDA FOR THE FUTURE. Edited by Ronald A. Morse. Honolulu: Pacific Forum, 1989, 65 pp.
THE UNITED STATES AND JAPAN: COOPERATIVE LEADERSHIP FOR PEACE AND GLOBAL PROSPERITY. A Report by a Committee of Six. Washington: The Atlantic Council/The Bretton Woods Committee/ Tokyo: Japan Center for International Exchange, 1989, 18 pp.

A new cottage industry is developing among America's security specialists: how to improve relations between the United States and Japan. Two prestigious research institutes, the Atlantic Council and the Pacific Forum, recently assembled a group of foreign policy heavyweights to consider the matter. The results are disappointing. The two reports are long on analysis and short on concrete recommendations. The most specific recommendation, Robert Scalapino's in the Pacific Forum report, is a call for strengthening political consultation, developing a quasi-permanent, unofficial America-Japan Council with experts to prepare studies, developing a plan of apprenticeships between U.S. and Japanese universities, businesses and official agencies, and promoting more multilateral conferences. There are also a variety of calls for coordinating foreign aid but no details on how this can or should be done.

ASIA-PACIFIC REPORT 1989. FOCUS: CHINA IN THE REFORM ERA. Edited by Charles E. Morrison and Robert F. Dernberger. Honolulu: East-West Center, 1989, 125 pp. $15.00 (paper).

This is the third in the East-West Center's valuable overview of major political and economic issues in the Asia-Pacific region. The report begins with an incisive discussion by Charles Morrison of the trends toward political liberalization in the region and the improving prospects for maintaining peace. Morrison also has an excellent chapter on the main trends in the regional economy. There is a separate section of eight chapters on China's economic and political reform, all contributed by prominent specialists but written before the recent upheaval in China.

Africa

Jennifer Seymour Whitaker

REGIONAL CONFLICT AND U.S. POLICY: ANGOLA AND MOZAMBIQUE. Edited by Richard J. Bloomfield. Algonac (Mich.): Reference Publications, 1988, 261 pp. $24.95 (paper, $12.95). A World Peace Foundation Study.

This stout and well-buttressed regionalist argument went to press before the outlines of the current Namibia settlement process had become clear; thus its authors are in some instances baying after a vanished quarry. Nonetheless, they do a good collective job of illuminating what has become a southern Africa backwater. Particularly good are Carlos Gaspar's essay

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on Portugal's policies toward its former colonies since their independence and Gerald Bender's essay on Washington's search for enemies in Angola.

THE DEFENCE OF WHITE POWER: SOUTH AFRICAN FOREIGN POLICY UNDER PRESSURE. By Robert Scott Jaster. New York: St. Martin's, 1989, 204 pp. $39.95.

A noted analyst of the southern African security situation sums up South Africa's political and military relationships with its neighbors and the consequences of those relationships for its interaction with the West. Although the book was completed before the fruition of negotiations on Namibia in 1988, the basic analysis stands and is likely to hold pretty well until the central factor driving the policy—apartheid—itself deteriorates and disappears.

THE NIGERIAN STATE. By William D. Graf. Portsmouth (N.H.): Heinemann, 1989, 281 pp. $40.00.

This painstaking analysis proceeds chronologically, anatomizing Nigerian politics and political economy from colonial times, through the succession of civilian and military governments, to the present. The author argues compellingly that the monopoly through it all of Nigeria's "peripheral capitalist" elites over state power and resources has strangled the economy as well as greatly increasing inequality. While calling for any possible opposition that might break the recurring political cycle, he does not really seem to have a clear idea where it might come from.

THE RED ORCHESTRA. VOL II: THE CASE OF AFRICA. Edited by Dennis L. Bark. Stanford: Hoover Press, 1988, 231 pp. $12.95 (paper).

With the shade of Brezhnev conducting, this orchestra is distinctly out of tune with the times. With nary a foreshadowing of the Gorbachev shift on regional policy, the durability of the analysis is surely in the eye (or the theology) of the beholder. If they were writing today, many of the authors might well view the new Soviet approach as a wily variation on familiar dialectics.

REVOLUTIONARY ETHIOPIA: FROM EMPIRE TO PEOPLE'S REPUBLIC. By Edmond J. Keller. Bloomington: Indiana University Press, 1989, 307 pp. $35.00.

This masterly history deals with the Emperor and the Dergue each on their own terms. The author depicts Haile Selassie's quest for modernization as a peculiar conjuncture of capitalism and feudalism, and the revolutionary state as an only partially availing attempt to replace the imperial myth with a new socialist ethos. At each stage he buttresses his analysis with careful and useful detail that should ensure his study a long shelf life.

SOVIET STRATEGY TOWARD SOUTHERN AFRICA: THE NATIONAL LIBERATION MOVEMENT CONNECTION. By Daniel R. Kempton. New York: Praeger, 1989, 261 pp. $44.95.

This thoroughly researched study of Soviet-supported liberation movements in Angola, Zimbabwe and South Africa carefully argues the pros and cons regarding Soviet intentions and commitment. Predominantly historical in focus, and apparently mostly written prior to the Soviet foreign policy perestroika, the strong underlying theme of *plus ça change* dominates its overall assessment.

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